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4. Mr. Bennett said that inasmuch as it was obvious from the FBI reports that the U. S. Attorney was aware that there is a current relationship between the company and CIA, he had therefore stated that the current Agency relationship has absolutely no connection with the "Watergate Five" incident. During the approximate one-hour meeting with the U. S. Attorney, they agreed upon the questions which were to be asked and Mr. Bennett's responses. The especially pertinent question related to the Mullen Company's activities with the Agency upon mutual agreement was phrased "Is your company working with the CIA in this Country?" Mr. Bennett said that any question involving overseas association would have required him to respond in the affirmative. By arrangement with Mr. Siebert, this question was not asked. The Grand Jury questioning of Mr. Bennett did reveal that the Mullen Company had done some work for Radio Free Cuba in the 60's, but this was not considered unusual in view of the political climate at the time. Mr. Bennett said that he had been commended by Mr. Siebert for his forthright responses and behavior during the hearing.

5. Concerning the appearance of Douglas Caddy before the Grand Jury, Mr. Bennett said that if Caddy had stopped his recitation when he said he had no knowledge of the association between CIA and the Mullen Company there would not have been repercussions caused by his unnecessary additional comment that he had intimations that the company did work for CIA. It then became necessary for Mr. Caddy to say he was unable to discuss the "intimations."

6. Mr. Bennett believes that there is now no danger to the two cover arrangements presently in being unless Mr. Hunt "spills his guts." He suggested that Hunt might take one or two courses. He could either take the Fifth Amendment and take his lumps, including possible imprisonment or because he is somewhat of an egotist, he could just go on and become a nationally and internationally famous person. Apart from his concern over the nature of Mr. Hunt's possible revelations, Mr. Bennett was thoroughly relaxed and prepared to continue the present cover arrangement.

7. Mr. Bennett plans to be at the Democratic Convention in Miami from Monday night through Friday, 14 July. He expects that Mr. Mullen will return from his trip to the Far East on the afternoon or evening of Tuesday, 11 July.

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CONFIDENTIAL

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

Chief, Central Cover Staff

EXTENSION

NO.

DATE

1 March 1973

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1. Deputy Director for Plans 3-C-2016

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File



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1 March 1973

MEMORANDUM FOR: Deputy Director for Plans

SUBJECT : Current Time Magazine Investigation of
Robert R. Mullen & Company Connection
with the Watergate Incident

1. Mr. Robert R. Mullen, president of Robert R. Mullen & Company, telephoned CCS on the morning of 28 February to advise us that Sandy Smith, a reporter from Time Magazine, was in the Mullen office late on 27 February. Smith started off by saying that "a source in the Justice Department" had informed him that the company "is a front for CIA." Mr. Mullen denied the allegation stoutly, said the company clients are all legitimate and offered to let Smith inspect the company books. Mr. Mullen said that his intuition was that Smith was on a fishing expedition and really had nothing to substantiate his suspicions.

2. Smith had many questions concerning Howard Hunt, such as how he secured Mullen employment and his salary. Mullen told him the company paid him a salary initially and later on a consultant basis when Hunt began to work for The Committee to Re-elect The President. Smith wondered about Hunt's source of income as there is no record in above Committee's records of payments to Hunt. Mullen informed Smith that one source of Hunt's income was a government pension which, according to Hunt, was sizeable.

3. Mullen told Smith that Bob Bennett, partner of Mr. Mullen who was on a business trip to California, really knew most about Hunt's later period of Mullen employment. Mullen could not show Smith records concerning Hunt as they are in possession of the U. S. attorney.

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4. Bob Mullen again telephoned CCS at 1650 hours on 28 February 1973 as a follow up to his morning call, as reported above.

5. Sandy Smith, the Time reporter, was in again in the late afternoon and told Mr. Mullen that he had just seen, through an FBI contact, a paper allegedly personally delivered by a high official of CIA to Mr. Pat Gray, Acting Director of the FBI, during the height of the Watergate flap and investigation of Howard Hunt last summer.

6. It was evident that Smith at least knew of the existence of such a document, but Mr. Mullen could only guess that Smith had not seen it long enough to digest it, or it said so little that Smith is trying to develop more information.

7. Mr. Mullen continued to deny being associated with the Agency in any way except for the Cuban Freedom Committee, which connection had been admitted by Bob Bennett in June to the news media and U. S. attorney. Smith told Mullen, whom he has known for years because of some association in New York, that he is now in his "corner," but would be most unhappy if he ascertains that Mullen is not leveling with him. Mullen does not trust Smith and is certain Smith will write up whatever he develops. Presumably Time would publish the article.

8. Mullen would like to know what exactly we gave the FBI so that he can tell Smith what he already seemingly knows from our memorandum to the FBI, or at least know how to best cope with Smith. Mr. Mullen requested that our reply be given him during the evening of 28 February. (b)(1)
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9. Attached is a copy of the 21 June 1972 Memorandum for the Acting Director of the FBI from the Office of Security concerning Robert R. Mullen Company. Possession of the content of this memorandum by Mr. Smith could be very damaging to the Agency and the company. The last sentence of Para. 4 states "Mr. Hunt was aware of [redacted] present cover placements under Robert R. Mullen and Company." Paragraph 5 relates that [redacted] Mullen company employees have been witting of the company's ties with the Agency. Paragraph 7 states "In view of the extreme sensitivity of this information concerning the current use of Robert R. Mullen Company, it is requested that this report be tightly controlled and not be disseminated outside your Bureau." (b)(1)
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10. [redacted] C/CCS and the CCS case officer for the Mullen Company, [redacted] discussed the above with Mr. William E. Colby and Mr. Cord Meyer, Jr. at approximately 1800 hours on 28 February. It was agreed that Mr. Colby would recommend to the DCI, Mr. Schlesinger, that Messrs. Mullen and Bennett be allowed to read the 21 June 1972 memorandum to the FBI and that they be asked to continue to deny any allegation of association with the Agency, and state in effect that there was no relationship, and if there were, it, of course, would not be admitted. Mr. Schlesinger did endorse the proposed course of action.

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11. Messrs. [redacted] of CCS met with Messrs. Ralph Hatry and Charles Beckman of NOCAD at 0840 hours on 1 March to inform them of developments which endanger [redacted], who is under cover of the company in [redacted]. It was decided that [redacted] would further discuss with Mr. Mullen and Mr. Bennett, who had returned to his office, the Smith visits, allow them to read the 21 June memorandum to the FBI and propose the immediate return of [redacted] to the United States and termination of the cover arrangement, the last with the company as the [redacted] cover was terminated in August 1972.

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12. Mr. [redacted] and Mr. Mullen met near the Watergate and proceeded to Mr. Mullen's apartment in The Watergate through a rear entrance to The Watergate. Mr. Bennett joined them shortly and both read the memorandum. It developed that Mr. Bennett had been present during the second meeting with Mr. Smith. Messrs. Bennett and Mullen both were of the opinion that Smith had not seen the memorandum. They suggested that he had only heard of its existence or had seen an FBI report which summarized the memorandum and said only that the company had provided cover for the Agency. They felt that if he had seen the memorandum, he would not have re-visited them or would have accused them on the rather specific information contained in the memorandum. They said they would continue to deny any association with the Agency other than the already acknowledged relationship with the Cuban Freedom Committee.

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13. They related that they told Smith he was beating a dead horse and that the Washington Star, Washington Post and Los Angeles Times had already investigated and concluded that the Mullen Company was not involved in the Watergate affair or

the allegation that the CIA had instigated the Watergate Affair. It was an intriguing theory which just died. Mr. Bennett said that he recently spent four hours in Los Angeles being interviewed by a Newsweek reporter and had convinced him that the Mullen Company was not involved with the Watergate Affair. Mr. Bennett rather proudly related that he is responsible for the article "Whispers about Colson" in the 5 March issue of Newsweek. Mr. Bennett does not believe the company will be bothered much more by the news media which is concluding that "the company is clean and has gotten a bum rap while the real culprits are getting scot free." Mr. Bennett said also that he has been feeding stories to Bob Woodward of the Washington Post with the understanding that there be no attribution to Bennett. Woodward is suitably grateful for the fine stories and by-lines which he gets and protects Bennett (and the Mullen Company). Typical is the article "Hunt Tried to Recruit Agent to Probe Senator Kennedy's Life" on page A16 of the Saturday, February 10, 1973, Washington Post. Mr. Bennett mentioned the 12 February 1973 meeting among himself, Mullen and [redacted] when he stated his opinion that the Ervin Committee investigating the Watergate incident would not involve the company. He said that, if necessary, he could have his father, Senator Bennett of Utah, intercede with Senator Ervin. His conclusion then was that he could handle the Ervin Committee if the Agency can handle Howard Hunt. (b)(1) (b)(3)

14. Mr. Bennett reported that he is well acquainted with a Charlotte, N. C. attorney named McConnell to whom Senator Ervin offered the position of Chief Investigator of the Congressional Committee investigating the Watergate incident. Mr. McConnell, according to Bennett, declined the offer because he is a millionaire in his own right and doesn't need to put up with all the grief associated with such a position. Mr. Bennett said he asked McConnell to inform Senator Ervin that Mullen, Bennett and the company are 100% clean of any involvement in the Watergate. Bennett is certain that Senator Ervin has no desire for revelation of legitimate arrangements or to harm the Agency and would avoid questions concerning our overseas cover placements. Mr. McConnell subsequently told Bennett that he and Senator Ervin were the only passengers on a private plane recently and he discussed Bennett, et al, as requested by Bennett. Mr. McConnell believes Senator Ervin accepted his comments and will not attempt to further involve the Mullen Company people. Bennett believes he and his Agency affiliations

will not be raised again. He has the Ervin Committee shut off and feels the Agency has the responsibility to persuade Howard Hunt to avoid revealing what he knows of the history of cover arrangements with the company. Bennett and Mullen further suggested that the Agency "plug the leak" in the FBI and/or Department of Justice.

15. At this time the Agency proposal to bring back PCS prior to 10 March with the legend that [redacted] has become disenchanted with the company, does not like the change in ownership from Mullen to Bennett, and has several job proposals he wishes to pursue was then set forth. They said that on the contrary Bennett and [redacted] get along very well and [redacted] is deeply involved in a Bennett project described as the ART FUND which purchases and sells paintings and works of art. Bennett said that [redacted] and his wife persuaded him to permit them to invest personal funds in the project and that [redacted] is devoting considerable time to it. It would do Bennett and the company serious financial damage if [redacted] were not permitted to continue. It is especially important that he be at the Art Show in Denmark from 1 May to 15 June 1973.

16. They proposed that they request [redacted] to return next week for consultation. The company has lost the Morman Church account to which [redacted] devoted some time, and new accounts are being acquired. [redacted] could be kept away from the D. C. area by immediately assigning him to prepare the SUMMA Summit Conference in late April in Las Vegas. Summa consists of the top executives of the Howard Hughes companies and is the successor in the Hughes empire to the Hughes Tool Company, which was sold. [redacted], with his extensive overseas experience, might also be a speaker. The Summa Conference will be a "dry run" for similar conferences which the Mullen Company is planning to do in representative West Coast cities to acquaint top West Coast executives with matters of interest such as pending legislation, overseas competition and the like. Bennett believes that if May 1 passes without any serious compromise, then nothing will happen. [redacted] could then handle the Art Show in Denmark from 1 May to 15 June and then to [redacted] or if we prefer to [redacted] where the company has business interests sufficient to support [redacted] Mr. Mullen also recalled our proposal of two years ago for [redacted]

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Mullen and Bennett took the position that while it was easy to ascribe the opening and closing of the [redacted] office to an experiment, it would be difficult to explain closing in [redacted] where [redacted] "has been trumpeted" among their clients, business prospects and in their literature. It would hurt badly and cost lots of money to end this one.

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17. [redacted] broached the possibility of the company continuing [redacted] as a legitimate employee if the Agency should be unable to locate an appropriate assignment for him. Mullen said that [redacted] does not possess qualifications such as the ability to write, which are requisite in the public relations field, but is an excellent businessman. [redacted] asked whether [redacted] might assist in servicing the Hughes account. Bennett responded that the Hughes account cannot stand further expenses and some new clients would need to be obtained to support the legitimate employment of [redacted]. The proposal was not rejected, but it was evident that the company prefers the current arrangement which is supported almost entirely by the Agency. Mullen and Bennett both like and admire [redacted] and might employ him if [redacted] employment with the Agency terminates. It was learned that [redacted] discussed with Mullen the possibility of [redacted] resigning from the Agency to accept legitimate Mullen Company employment if the company needs so warranted.

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18. Concerning the employment of Howard Hunt in May 1970. Bennett said smugly that he wasn't responsible and Mullen wishes now that he had not hired him. He recalled that as he of the Marshall Plan some 25 years ago, he became acquainted with Hunt.

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[redacted] Office of Personnel, approached Mullen concerning the qualifications needed by Hunt for public relations work and possible leads for employment for Hunt who was retiring from the Agency. Mullen stated that [redacted] "twisted my arm pretty hard" and he hired Hunt. Mullen believed that DCI, Helms, wished him to employ Hunt, especially after receipt of a splendid letter of recommendation of Hunt from Mr. Helms who later personally expressed his appreciation to Mr. Mullen for hiring Hunt. Mr. Mullen said he honestly believed, as a result of the pressure exerted by [redacted] that the Agency wished him to resolve problems attendant to Hunt's retirement by hiring Hunt.

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19. The meeting concluded with Bennett stating that if [redacted] cover employment with Mullen is terminated before the mid-June ending of the Art Show in Denmark, it will hurt Bennett badly and cost him lots of money. Both then commented that they were "not letting the Agency down. Don't you let us down."

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Chief, Central Cover Staff

SECRET

ZLWUN
21 JUN 72

MEMORANDUM FOR: The Acting Director
Federal Bureau of Investigation

ATTENTION : Mr. Arnold L. Parham

SUBJECT : Robert R. Mullen Company

1. Reference is made to the verbal request of 20 June 1972 for any available information concerning the Robert R. Mullen Company and Interprogress.

2. The utilization of Robert R. Mullen and Company dates back to June 1963, and grew out of the recommendation of a long time cooperative CIA asset. Mr. Mullen has provided certain sensitive cover support overseas for Agency employees.

3. In addition, Mr. Mullen was instrumental in the formation of the Cuban Freedom Committee. Mr. Mullen managed to keep a low profile, and avoided public identification with it, except that his company prepared some brochures for the committee. Mr. Mullen was also utilized by the Agency because of his affiliation with another private firm.

4. As of 1 May 1970, Mr. Everette Howard Hunt, who had just retired from the Central Intelligence Agency, became a legitimate employee of Mr. Mullen. In July 1971, Mr. Hunt informed this Agency that he had been assigned to the President's White House Staff but continued to devote part of his time to the Robert R. Mullen Company. Mr. Hunt was aware of two present cover placements under Robert R. Mullen and Company.

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GROUP 1
Excluded from automatic
downgrading and
declassification

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5. Since 1963, a total of [redacted] people of the Mullen Company have been cleared and made witting of Agency ties, mainly in providing CIA cover overseas. It is to be noted that [redacted] is a retired CIA Finance Officer.

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6. Interprogres is a new subsidiary of the Mullen Company formed in 1971, as a result of contacts developed at the Zagreb Trade Fair in Yugoslavia. It is a pilot operation aimed at expanding East-West commercial relationships. At least two overseas assets have tangential tasks of promoting the acceptance of this company as a Mullen subsidiary.

7. In view of the extreme sensitivity of this information concerning the current use of the Robert R. Mullen Company, it is requested that this report be tightly controlled and not be disseminated outside your Bureau. Please transmit any information on this matter to the attention of the Director of Security.

FOR THE DIRECTOR OF CENTRAL INTELLIGENCE:

Howard J. Osborn
Director of Security

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pinch, bigger guns were being aimed up at the weekend. Wisconsin Sen. (Approved for Release: 2020/08/14 C03210463) lord Nelson and New York Sen. Jacob Javits were working up a job training and community services bill to earmark Federal revenue-sharing funds for the severed agencies, thus salvaging at least some of the Community Action programs.

WATERGATE:

Whispers About Colson

Can the political espionage and sabotage operation that came to grief in last year's Watergate bugging fiasco be traced to President Nixon's senior White House staff? Most of the impetus for finding out has come, predictably, from the Democrats, who were the targets then and are the potential beneficiaries now. But lately, out of a mixture of motives ranging from private grudges to party loyalty, some Republicans of impeccable pedigree have joined the quest for answers—and the man increasingly in the crosshairs is the President's special counsel, Charles W. Colson.

Though his name has flickered at the edges of the story almost from the start, Colson, 41, has acknowledged little more than that he promoted a White House job for star Waterbugger E. Howard Hunt in 1971. His avowed purpose was to plug news leaks within the Administration, not to spy on the opposition. But well-wired Republican sources told NEWSWEEK's Nicholas Horrock last week that it was Colson who directed Hunt that year to work up a dossier on Sen. Edward M. Kennedy, with special attention to the 1969 Chappaquiddick tragedy. That spring, these sources said, Colson told Hunt that he was in position to plant a woman in a sensitive secretarial job in Sen. Edmund Muskie's campaign for the Democratic nomination. His asserted marching order to Hunt: find "the right girl" for the job.

Intimate: What came of these two alleged exercises in gumshoeing is unclear. No tale about Kennedy was ever directly traced to Colson, though friends were surprised through the year at how intimately informed Colson was about the senator's activities at almost any given time. Neither is there any evidence that a secretary was infiltrated into Muskie's headquarters. Hunt did manage to slip a student named Thomas Gregory into first Muskie's and later George McGovern's campaign entourage. But Gregory, according to one Federal investigator, "just didn't seem to get very juicy stuff." The objective in planting a secretary, said an insider, was precisely to raise the juice quotient—to get at a whole range of material from sensitive strategy papers to the private behavior and moods of the candidate.

Hunt and his operatives were by no means Colson's only pipeline to what the opposition was up to, sources said. He was well connected with another, hitherto unpublished Republican intelligence

operation—an around-the-clock "McGovern" campaign on the eighth floor at the headquarters of the Committee for the Re-election of the President. The nominal intent of this "tracking" operation was tame enough: getting McGovern's campaign schedule to the White House by 8:15 every morning so Mr. Nixon's strategists could schedule speakers and time their best shots accordingly. But its style was cloak-and-daggery, GOP sources said, and its last chief, Edward W. Faylor, a Colson ally who took over the watch after the Watergate bugging case broke, told NEWSWEEK that scheduling was only a small part of his operation. He contributed informed advice as well at the daily meetings of Colson's White House "attack group"—the strategy panel charged with keeping McGovern on the defensive.

The mission of the watch, GOP sources said, was "living with" McGovern, Sargent Shriver and their top staffers 24 hours a day and securing not only itin-

eraries but "anything else they could learn." The headquarters staff, these sources said, operated under aliases and collected data from spies in McGovern campaign offices across the country; one agent made a special trip from California to Washington during the primaries to brief CRP on the inner workings of the McGovern operation. The watch office, one source told NEWSWEEK's Evert Clark, "was one that all those guys like Gregory were plugged into"—and for a time before Watergate it was headquarters for Hunt's spymaster, Gordon Liddy.



In the crosshairs: Hunt (left), Colson

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The tales of a Colson connection extended beyond political intelligence to political trouble-shooting, memorably in last year's flap over whether an International Telephone and Telegraph Corp. offer to help underwrite the GOP national convention had anything to do with an antitrust settlement favorable to the company. In mid-flurry, an insider

reached by NEWSWEEK to respond to the latest stories. He may be surprised of his return at who has been telling them.

Some of the Republican leakage may have come from people with personal scores to settle. Others might have been moved by pure Byzantine politics, hoping to blunt the coming Congressional inquiry into Watergate by getting a scenario—and a scapegoat—into the paper piecemeal in advance. But still others seemed genuinely concerned about the continuing damage of the scandal to the party and the Administration as well. Two likely prospects have turned down White House staff jobs because of Watergate, and a third person—a Nixon appointee to a regulatory agency—is quitting largely in discouragement over the handling. In this atmosphere, there are solid Nixonians who believe that the case must be finally laid to rest—even the cost of sacrificing one of their own