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24 July 1972 (b)(1)
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(b)(1) MEMORANDUM FOR THE RECORD (b)(1)
(b)(3) (b)(3)

SUBJECT: [redacted]

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1. Robert R. Mullen and Robert F. Bennett, principal officers of [redacted] met with [redacted] of the Agency at [redacted] residence at 1700 [redacted] hours on Friday, 21 July 1972 so that we could discuss the Agency objective of removing [redacted] from both [redacted] followed the agreed upon scenario that the [redacted] Station and Agency Headquarters desire [redacted] to be removed at once from both [redacted] because the publicity given [redacted] in connection with the "Watergate Five" incident has made [redacted] position untenable.

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2. [redacted] refreshed Mullen's memory concerning the incident in 1966 when a letter from the CIA recruitment office with an Agency return address was inadvertently given to [redacted] the occupant of the room adjoining [redacted] when both were graduate students at the University of Indiana. [redacted] then of being an Agency employee. On 12 February 1972, [redacted] bumped into each other on the street in [redacted] in a loud, loud voice said "you are a CIA agent." We decided to add a to date untrue (but entirely possible) additional encounter with [redacted] informed Mullen and Bennett that a cable was received on Thursday, 20 July relating that [redacted] had sought out [redacted] and informed him that the publicity given [redacted] in connection with E. Howard Hunt, publicly stated to be a former CIA employee and employed by [redacted] until the "Watergate Five" incident, convinced [redacted] is involved with CIA and that [redacted] employee

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CLASSIFIED BY signer
EXEMPT FROM GENERAL DECLASSIFICATION
SCHEDULE OF E.O. 11652, EXEMPTION CATEGORY:
§ 5B(1)(2), (3) or (4) (circle one or more)
AUTOMATICALLY DECLASSIFIED (b)(1)
APDCI (b)(3)
(unless impossible, insert date)

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
PERSONNEL INVOLVED

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NND 957324 -322

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in [redacted] is also actually CIA. The risk [redacted] is aggravated because [redacted] who was Chairman of the History Department at the [redacted] when [redacted] visited in June 1970 in [redacted] in connection with his doctoral thesis and who was then unduly suspicious of [redacted] is now [redacted] where he controls the Security Police. The [redacted] is not a friendly one and we fear [redacted] could be picked up at any time. Mullen said he had been briefed by the [redacted] on 4 July 1972 concerning the unfriendly [redacted] when he saw [redacted] and the COS in connection with the need to beef up [redacted]

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3. Mullen reported that as a result of his meeting with [redacted] additional substance, he had yesterday, 20 July, met with General George Olmstead, President of the International Bank of Washington and persuaded General Olmstead that there is real business potential for Olmstead's firm(s) there. [redacted] cannot simply close out its office in face of this just generated optimism. Mullen and Bennett suggested cabling [redacted] to return to Headquarters at once on the premise that his presence will be necessary for up to a month in connection with business matters discussed at their 4 July meeting. Mullen or Bennett would go to [redacted] instead of [redacted] in a month or so to either close out the office or take it over if the potential with General Olmstead so dictates. Mullen's suggestion that the Agency could continue to use the [redacted] cover was vetoed by [redacted] Bennett then

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[redacted]

pointed out that the connection with the Morrell Company via either [redacted] and/or Bennett was too direct to permit our continued involvement. We must disassociate from Mullen entirely [redacted] Mullen stated that the [redacted] felt that [redacted] could be covered by Mullen in [redacted] as well as he could in [redacted]

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NND 952324 -323

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(b)(1) [redacted] said that [redacted] cannot remain with [redacted] in
(b)(3) any location and must absolutely sever his [redacted]
relationship. [redacted] gave Mr. Mullen a suggested
letter to be written [redacted] (copy attached).
Mullen was of the opinion that such an abrupt close out
(b)(1) would only confirm any suspicions concerning [redacted] (b)(1)
(b)(3) and at the best would require a month or so to accom- (b)(3)
plish. He thought [redacted] would be arrested before he
could leave [redacted] also might wish to con-
tinue the office itself and wants time to make its
decision.

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4. [redacted] excused himself to telephone his superior, [redacted] and returned to report Mr. [redacted] decision to withhold action until interested Agency components conferred on Monday, 24 July 1972. Mr. Mullen then said that in view of the risk that [redacted] might be arrested at any time he would cable at once to proceed immediately to [redacted] for discussions relating to a prospective deal as set forth in their July meeting. [redacted] had told Mullen that the Agency tentatively plans to move [redacted] under a yet to be determined cover. Mullen ruled out [redacted] for the stop-gap location as being too far away from [redacted] to handle office matters such as signing checks, etc. Mullen was critical of the Agency's slowness in removing [redacted] and mentioned his knowledge of our "bureaucratic procedures." He obviously is primarily concerned with [redacted] personal safety. Kindschi later informed [redacted] that while [redacted] was telephoning Mr. [redacted] Mr. Mullen had asked him whether the Agency was justified in its appraisal of the danger to [redacted] following the agreed upon scenario, reemphasized the comments made by [redacted] and the Agency's desire to remove [redacted] as soon as possible.

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5. Both Mullen and Bennett mentioned their belief that the Agency should pick up costs of any trips taken by [redacted] to close out the office. Bennett said [redacted] would also have additional tax liabilities because capitalization of the office could not be written off during the same period when reimbursement is received, and that expenses and reimbursements therefore would not "wash."

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NND 957324

324

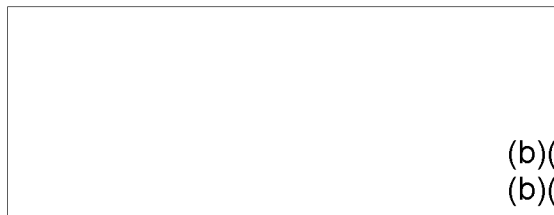
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6. [redacted] felt he could not object to Mr. Mullen's (b)(1)
sending the cable instructing [redacted] to proceed to (b)(3)
Mullen could not postpone sending this cable
until [redacted] could check because Mullen was going to
be "out in the country" and unavailable until Monday.



Attachment:
Copy of suggested
letter

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Distribution:
Original - File #13265
1 - DC/CCS Chrono

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NND 957324 325