

8 May 1973

MEMORANDUM FOR : Deputy Director for Operations
SUBJECT : Areas of Possible Embarrassment to the Agency

1. Sometime in the spring or early summer of 1971, Mr. John Dean levied the requirement on the Agency for information relating to the Investors Overseas Service (IOS). The original request was non-specific but it gradually emerged that Dean was concerned with the possible adverse publicity that might develop regarding the President's nephew, who was employed by IOS.

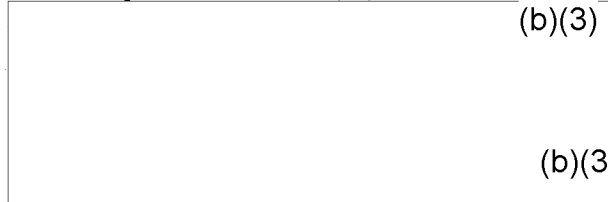
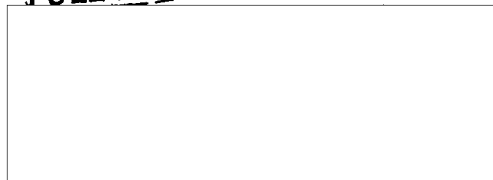
2. There were multiple channels from the White House to the Agency on this subject:

- a. Presumably Haldeman and/or Ehrlichman to Director Helms.
- b. Someone (unnamed) in the White House to the DDCI, General Cushman (see attached telephone conversation). Note that Ehrlichman is mentioned, and
- c. John Dean to the [CI Staff] These various channels were sorted out in time and six reports were passed by the [CI Staff to Mr. Fred Fielding] for Mr. John Dean.

3. The telephone call of General Cushman's is of interest since it gives the flavor of White House concern. It took several days to uncover the fact that the White House interest centered on the involvement of the President's nephew with IOS and possible adverse publicity. The reports submitted to Dean's office were routine in nature and were coordinated with the DCI. After a few months, interest in this subject died down and we did not pursue it further.

4. Please return the attachments when they have served your purpose.

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5. [I] also include a short note on the Intelligence Evaluation Committee and Staff prepared by Richard Ober. The original meetings were held in the office of John Dean at the White House and the principal sparkplug for this group activity was the then Assistant Attorney General for Internal Security, Robert Mardian and then later his assistant, William Olsen. It is noted that Mr. Mardian is now appearing before the Grand Jury and it is always possible that he might draw in the Agency.]

6. [Before appointing Ober to the IES Staff as the Agency representative, I had attended various inter-agency meetings presided over by Mardian. I expressed the view to Director Helms that Mardian would require very careful handling due to his inexperience. Furthermore, Mardian was deeply involved in the split between Bill Sullivan and Mr. Hoover. On a confidential basis one or two senior FBI officials stated that Sullivan was secretly passing files to Mardian without Mr. Hoover's permission. This was one of the important reasons why Sullivan was dismissed from the Bureau.]

[Redacted]
James Angleton
Chief, Counter Intelligence Staff

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Attachments (5)

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Telephone conversation of General Cushman and someone in White House, 23/7/71

Bob, how are you.

DDCI: Just fine; I just talked to Jack Sherwood and he suggested I give you a buzz.

I deeply appreciate it. I asked Jack to call you. I spoke to Rose yesterday, and told her "I had a little project here for John Ehrlichman and I need very discreet assistance from the Company, and I should like to touch base with Bob. I met him at Jack Sherwood's."

DDCI: That's right.

That's right and beyond that I would like to just establish a relationship because from time to time we have a few needs in your area. Let me tell you what we need to know here. Your Agency would be the only one to help. I have checked with the Bureau, Bob, and they have nothing on this fellow. Just a mere name check but it apparently has some significance, of course. Ray Finkelstein; born in Belgium about 1940; moved to Brazil about age 12 with his family. This might be helpful. He now is working with one Gilbert Straub, apparently Straub is hooked up with that Kornfeld outfit: IOS. We have a need to know what Finkelstein is all about.

DDCI: We will do our best, of course; we have some counterintelligence files which sometimes turn up people but ordinarily, of course, we don't surveil any Americans but this fellow might have come to our notice.

He may not be an American, just a European Jew; that is the problem, the Bureau has come up with zero.

DDCI: Do you know where he is physically located?

He may be in Geneva; Straub is apparently in Geneva.

DDCI: Well, let me get on this and I will get back to you.

JUL 1971

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The Washington Merry-Go-Round

Nixon Puts an Eye on His Brother

By Jack Anderson

President Nixon has given aide John Ehrlichman a delicate personal assignment to keep the President's irresponsible brother, Donald, out of hot water.

Donald Nixon has a weakness for fattening foods and easy money. He tried to satisfy both appetites in the 1950s by borrowing \$205,000 from billionaire Howard Hughes to operate a restaurant chain, the Home of the Nixonburger, in Southern California.

Two months after the loan was made, some of Hughes' top assistants sat down with Donald to survey the chaos of his accounts. Noah Dietrich, who then directed the day-to-day operations of Hughes' empire, complained that Donald had gone through the money without paying off important creditors.

But it was too late. Donald's restaurants went bankrupt, and the Nixonburger was lost to mankind.

The story of the \$205,000 loan leaked out during Richard Nixon's 1960 campaign for the presidency, causing him political pain.

At one time, Donald incorporated himself and began selling shares to citizens who might have an interest in his blood line. Ehrlichman explained gently to Donald that such ventures could embarrass his brother and that, for his brother's sake, he should

avoid deals that might reflect unfavorably on the President.

Not long afterward, Donald began dickering with John Hill, a Boston manufacturer of playground equipment, who wanted the government to consider installing his products in urban riot areas. Hill told us Donald merely wanted to be the company's West Coast representative, and did not want to put in the fix for federal money. But Ehrlichman quietly vetoed the project, and the President's brother wrote to Hill saying he was no longer interested in the company.

No Longer Adviser

Donald also made contact with Elmer Stone a lawyer for the Ryan Aeronautical Company. But in deference to his brother, Donald took Stone through the guarded White House gates to see Ehrlichman. Afterward, a spokesman for Ryan Aeronautical explained that the pair had just dropped by to let it be known that Stone was no longer acting as Donald's legal adviser.

When Donald finally joined the Marriott Corporation in January, 1970, Ehrlichman summoned J. Willard Marriott and his son, Bill, to the White House for an audience with the President. Marriott had been chairman of the Nixon Inaugural and is trusted by the President.

Delicately, the President asked the Marriotts to keep

his brother out of trouble. "I want to be sure that Don has no dealings with the federal government," said the President. "I want to be sure that Don is never asked to do anything that would embarrass this office."

Then the President added as an afterthought: "Don is the best salesman in the Nixon family."

The Marriotts agreed to watch over Donald, and they have scrupulously kept him away from Washington. There has been only one awkward incident. Donald flew to Greece as one of the three-man team that offered Marriott's airline-catering service to Aristotele Onassis' Olympic Airlines.

Greeks Bearing Gifts

The Greeks, whose military government is unpopular in the U.S., rolled out the red carpet for the President's brother. Tom Pappas, a big Republican money raiser with oil interests in Greece, threw a lavish dinner for Donald in Athens and invited members of the Greek military junta. And Onassis, the husband of the widow of the man who defeated Richard Nixon for President in 1960, sent long-stemmed roses to Donald's hotel room.

Washington whispers that Donald used his White House influence to get catering contracts for Marriott with American Airlines and TWA, which

have established, are strictly untrue.

Ehrlichman also gave Donald's son, Donald, Jr., a lecture before the boy went to Switzerland last summer to work for International Controls. The company has now transferred young Nixon to the Bahamas.

His father, talking to a few visitors, including my associate George Clifford, considered that Donald, Jr., was something of a disappointment to the family. He had been off in the mountains associating with hippies before the overseas job was arranged.

The boy had said he was going to work for Investors Overseas Service, which has been in financial difficulty.

"I told him not to say that," said Donald, a note of exasperation in his voice. "If that gets around, he's going to be in a lot of trouble. I told him he was to say he was going to work for International Controls. IOS and International Controls are allied companies, but he's not supposed to say he's working for IOS. You know what would happen if that got around."

"That dumb so-and-so," Donald said of his son. "John Ehrlichman talked to him for a couple of hours and told him to behave himself over there. You know, he told him he was the President's nephew and couldn't do anything to embarrass the President."

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THE WASHINGTON POST

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Nixon Kin Is Mute On Vesco Cash Gift

By JAMES R. POLK
Star-News Staff Writer

Edward C. Nixon, brother of the President, is keeping his silence in the face of court testimony that he played a role in arranging a \$200,000 campaign contribution in cash from a financier accused of fraud.

"No comment that is newsworthy. Thank you. Good-bye," Nixon said when finally reached yesterday at his unlisted telephone number in Edmonds, Wash., after a week of calls. Then he hung up.

A New Jersey campaign official, Harry L. Sears, has testified he was told the Nixon brother made a call to Washington to confirm that the donation by financier Robert L. Vesco was wanted in cash.

Sears said under oath he was present when the 42-year-old Nixon arrived at

Vesco's business headquarters in Fairfield, N.J., after a helicopter flight from New York City. However, Sears said he didn't stay for the meeting among Nixon, Vesco and business associates.

The Securities and Exchange Commission has filed a civil suit against Vesco accusing him of a \$24 million fraud in looting the assets of his Swiss-based ICS, Ltd., mutual fund network.

Edward Nixon, who Sears said is a former director of a Vesco company, is the second member of the President's family to be linked to the financier. Donald A. Nixon, a son of the President's other brother, is Vesco's personal administrative assistant, usually based in Nassau, the Bahamas.

The SEC probe has indicated the \$200,000 cash donation came from funds at Vesco's Bahamas Commonwealth



EDWARD C. NIXON

Bank in Nassau. The money was flown to Washington April 10, although the Nixon campaign failed to report the donation under the new disclosure law.

A federal court hearing is scheduled Monday in New York City on the SEC's bid for an injunction against violation of securities laws. Sears' testimony came in a pretrial deposition in the SEC case.

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Papers Called Embarrassing

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Vesco Arrest Warrant Issued by Federal Judge For Grand Jury Inquiry

Financier Hasn't Been in the U.S.
For Months; His Lawyer Fears
Panel Will Produce Indictment

By a WALL STREET JOURNAL Staff Reporter

NEW YORK — Federal Judge Edmund L. Palmieri issued a warrant for the arrest of embattled New Jersey financier Robert L. Vesco in order to bring him as witness before a grand jury here investigating his activities. Mr. Vesco has been out of the U.S. for several months.

No criminal charges have been brought against Mr. Vesco. But the U.S. Attorney's office, which requested the bench warrant, previously had asked the judge to find Mr. Vesco in contempt of court for failing to heed a subpoena ordering him to appear before the grand jury. The government tried to serve the subpoena on April 15 in Nassau, Bahama Islands.

The grand jury is understood to be investigating the circumstances of Mr. Vesco's \$250,000 in contributions to President Nixon's 1972 reelection campaign. At the time, the Securities and Exchange Commission was conducting a well publicized inquiry into Mr. Vesco's business affairs. The SEC file dahuge civil suit against him and 41 other men and concerns on Nov. 27. The Nixon finance committee returned Mr. Vesco's contributions to him on Jan. 31.

Mr. Vesco's attorney, Edward Bennett Williams, told the judge yesterday he had reason to believe that Mr. Vesco would be indicted by the grand jury. Mr. Williams said that if forced to appear, Mr. Vesco would invoke his constitutional privilege against self-incrimination, unless he were granted immunity against prosecution. Mr. Williams added that the U.S. Attorney's office had already replied to him that it wouldn't offer immunity.

Mr. Williams, who earlier had asked the judge to dismiss the contempt application on technical grounds, said the circumstances didn't call for Mr. Vesco's arrest.

After the court was adjourned, Mr. Williams declined to discuss reports that the 37-year-old Mr. Vesco intended to renounce his U.S. citizenship, even though the attorney at an earlier hearing had said he would raise the question of citizenship.

James W. Rayhill, an assistant U.S. attorney, brought the matter up in court, saying the government had information that Mr. Vesco was "currently attempting to renounce his U.S. citizenship in Costa Rica," where he last year took up legal residence. It's understood that Mr. Rayhill wasn't referring to a disclosure made late Wednesday by Costa Rica's president, Jose Figueres.

President Figueres, on a two-day visit to this country, said that Mr. Vesco in an audience two or three weeks ago formally announced his intention to renounce U.S. citizenship.

In Washington, the State Department said Mr. Vesco has told Costa Rican authorities that he already has renounced American citizenship before two notaries, with his lawyer's help. However, the U.S. Embassy in Costa Rica contended that didn't count, because it wasn't done before a consular officer. The State Department's legal experts are checking to determine whether that view is correct.

The U.S. has a 1922 extradition treaty with Costa Rica, covering 21 crimes, including robbery, forgery, embezzlement, and fraud. The U.S. considers its 1931 extradition treaty with Britain to apply to the Bahamas, but it isn't clear whether the Bahamas agrees. The British treaty covers such crimes as fraud and misrepresentation, but the warrant issued yesterday for a grand-jury appearance isn't a matter for which extradition is possible.

Mr. Vesco has a home and family in Boonton, N.J., but has bases of operations in Nassau and in San Jose, Costa Rica. Government prosecutors declined to comment when asked what steps they would take to have Mr. Vesco arrested if he were located in either of those countries.

The SEC's civil suit accuses Mr. Vesco of directing the "looting" of \$221 million in assets of four foreign mutual funds managed by I.O.S. Ltd. Mr. Vesco formerly headed both I.O.S. and International Controls Corp., of Fairfield, N.J.

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