

file CLT-Foundations.  
I have no recollection  
of who sent this to  
me

*New York Times*

E. dehwortytm Kenworthy  
2-18-69

STRUCTURE

"Over the years the Central Intelligence Agency has developed seemingly intricate but actually system for secretly transferring large amounts of money to organizations here and abroad.

The system violates a basic intelligence principle, that each secret activity is insulated from others. The interlocking nature of the CIA system led to the disclosure of literally scores of the agency's operation

"Most common technique was known as the "pass-through", actually a triple pass.

First, agency transfers money to a "front" foundation....such as the Gotham Foundation, Borden Trust, Kincigan Fund, etc.

None of these foundations is listed. with "foundation directory"

Next, second pass, comes from front foundation, that makes

a "contribution" to a prominent foundation known for its charitable and education organizations.

Third pass comes when legitimate organizations make contribution to CIA DESIGNATED RECIPIENT ORGANIZATION.

(jainoli)  
Four PASS THROUGH OPERATIONS ARE THE M.D. ANDERSON FOUNDATION OF HOUSTON, THE HEITZELLE FOUNDATION OF DALLAS, BAIRD FOUNDATION OF NEW YORK, AND KAPLAN FUND OF NEW YORK.

"THE BAIRD foundation contributes to a wide range of RELIGIOUS, charitable, medical, education organizations.

THE "AMERICAN FRIENDS OF THE MIDDLE EAST RECEIVED \$150,000.

THE AMERICAN FRIENDS SERVICE COMMITTEE ASIGGOT \$50,000 and the SYNCS OF BISHOPS OF RUSSIAN OUTSIDE OF RUSSIAN GOT \$38,000.

"Never had the Central Intelligence Agency's inner workings seemed quite so painfully visible, fight down to their very foundations. For fifteen years the agency has been covertly funneling money through a maze of philanthropic funds to maintain students, teachers, scholars, CHURCHMEN, JURISTS, union organizers.

"The technique seemed surprisingly simple. the CIA's pet tactic was a "three layer pass through" operation for getting money from its own coffers into the hands of favored philanthropies, some knowing and some apparently not.

"First, the agency set up a score of dummy foundations, (like Price, Gotham, or Beacon), mailing addresses and mysteriously self replenishing bank accounts. THESE FRONTS SHOW UP NEITHER IN STANDARD FOUNDATION DIRECTORIES NOR IN THE FILES OF THE INTERNAL REVENUE

" For the "Pass through" the CIA adopted 30 of the 15,000 authentic foundations operating in the U.S. and made them CONDUITS TO THE RECIPIENT GROUPS. " We were approached about three years ago by a representative of the CIA , " said William P. HOBBY JR, PRESIDENT OF THE HOUSTON POST AND TRUSTEE OF THE HOBBY FOUNDATION. " WE WERE TOLD THAT IF WE COOPERATED, WE WOULD RECEIVE CERTAIN FUNDS FROM THE CIA. ...." MOST SIMPLY ~~THOUGHT~~ ANSWERED A CALL TO PATRIOTIC DUTY"

"What the CIA was doing was secretly underwriting a miscellany of American organizations abroad, sometimes as cover for intelligence gathering, more often to MOUNT A SOCIAL DEMOCRATIC COUNTERFORCE TO COMMUNIST PROPAGANDA

Trustee of Hobby Foundation Affirms CIA Link

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New York Times,  
E.W. Kenworthy

71 "William Hobby Jr. said the Hobby Foundation of Houston, Texas, had been for many years a conduit for the transfer of funds from the Central Intelligence Agency to various organizations here and abroad."

"We have for a period of several years cooperated with the CIA", said Mr. Hobby, "and we are glad to have done it and PROUD TO HAVE BEEN OF SERVICE TO THE FEDERAL GOVERNMENT."

Mr. Hobby said "Substantial sums were involved" He declined to say specifically how the money had been transferred to the foundation before being passed on to designated organizations..

Mr. Hobby said the Hobby Foundation passed on funds for the first time two or three years ago.

In 1963 the foundation made grants to the following organizations involved in overseas activities;

"AMERICAN FRIENDS OF THE MIDDLE EAST. \$50,000.

"Fund for International Social and Economic Education \$50,000.

"BERLINER VEREIN ZUM FORDERUNG der Publixistik in der Eulwicklung-  
lunden 100,000.

Mr. Hobby declined to say which organizations had been designated by the intelligence agency to receive contributions.

In 1964, American friends of the Middle East received \$75,000  
Berliner Verein \$100,000

In 1965 THE FOREIGN POLICY ASSOCIATION, THE INSTITUTE OF International Education, Project of Hope and People to People each got \$500.;  
COMITTE OF CORRESPONDENCE \$5,000  
Berliner Verein \$100,000.

American Friends of Middle East \$50,000

Mr. Hobby said that THE AMERICAN FRIENDS OF THE MIDDLE EAST AND THE INTERNATIONAL DEVELOPMENT FOUNDATION EACH RECEIVED FUNDS FROM OTHER FOUNDATIONS Dafter the money channelled through "front" foundations.