

Project Jennifer: CIA/Hughes - NYTimes 3/14/75 "C.I.A. Link to Hughes Reported
Disclosed by Burglary on Coast, by James Phelan H# 3/25/75

I was not aware that a James Phelan was a Times staffer. It is interesting that one of the same name as the man who was first to debunk Harrison and then was an activist against him during the Shaw trial should write this story and one in which it can be believed there is not the best reporting.

There are questions this story raises.

The police and Hughes officials believed it was an inside job yet there was no police-Hughes cooperation.

The story does not say what a good reporter could have said, that by 6/5/74, time of the robbery of what is said to have led to knowledge of this project, it was not secret that there had been a Hughes-CIA connection. I wrote of it before then.

Woolbright the intermediary vanished but he hadn't vanished, and not getting him is attributed to police understaffing. Would Hughes have been this indifferent with the blackmail demand for \$1,000,000?

The story can be read to say that there was no Hughes-CIA connection prior to that laid out in this one memo said to have been stolen.

When Phelan writes that federal funds were to have been paid the blackmailers, he doesn't even speculate which agency.

Nor is the ultimate coming out of this story as easily attributed to the grand jury proceeding as Phelan says. With all that national security, there need not have been any grand jury on it. And there is no reason to believe the grand jury leaked. There could have been a full trial without disclosure of what was in the stolen papers.

There may be no basis for it, but why ignore the possibility that this was another kind of "inside job," one designed as a defense against the scandalous Hughes-CIA involvements in WG?

I see no reason for disclosure after Feb. 9, when a demand for the money was "confirmed" by a Hughes security agent. But 2/9/75 was a critical time for the CIA. It needed some good p.r. desperately, more than during WG.

Suddenly there has been a campaign around this story to say how great the CIA is, how wrong to emphasize their few minor misdeeds when they are so vital to the national security and do such marvellous things, yet there is no evidence of any benefit from the entire project.

It is doubtful that the code book, if retrieved, could have had the value attributed to it. It appears that the greatest value would have been in writing history through it, by translating all those tapes of intercepts of Russian communications of the dim and altered past. It is certain that the project was not secret from the Russians, as even Mel Laird said. The secrets were withheld from the people here only. So the Russians knew anyway and there was no real secret to give away. This alone would seem to destroy the basis for the whole yarn.

The one visible result is p.r. benefit to the CIA. It also provided a basis for demands that it not be exposed and a means of pressuring those who were supposed to expose it. Pressure against the press.

All this indicates makes Phelan's connection with it much more interesting.

C.I.A. Link to Hughes Reported Disclosed by

By JAMES PHELAN

Special to The New York Times

LOS ANGELES, March 13—Safecrackers who looted Howard Hughes's Romaine Street headquarters here last year got documents that disclosed relations between the Central Intelligence Agency and Mr. Hughes's Summa Corporation, according to sources connected with the investigation.

Details of the burglary and the trend of the investigation have been pieced together through interviews with a number of sources familiar with the situation. The sources include people in the Hughes operation, local and Federal investigators and private people directly involved in the investigations.

According to these sources, Government officials learned of this security breach when the safecracker tried to blackmail the Hughes organization for \$1-million.

The extortion attempt and a later effort by law enforcement officers to buy back the stolen documents for \$1-million both failed, and the confidential documents, described as filling two footlockers, are believed to be still in the hands of the burglars.

Grand Jury Inquiry

Loss of Mr. Hughes's confidential files was disclosed on Feb. 9, after a Hughes security agent confirmed that he had received a telephoned demand for the money from a man who described himself as an "intermediary" for the four-man burglary team. The burglary is being investigated by a Los Angeles County grand jury.

The sources also said that "Romaine," as the operations headquarters at 7020 Romaine Street is known throughout the Hughes empire, was never approved by the Defense Department as a repository for classified documents. Mr. Hughes's Summa Corporation and his Hughes Aircraft Company have defense contracts running into the hundreds of millions of dollars.

"We never inspected the Romaine Street building's security system, because the building was never designated as a repository for classified material," said Dan O'Connor, public affairs officer for the Defense Contract Administration Services.

The agency must approve

the type of safes in which sensitive documents are kept, the kinds of locks on the security alarms and the guard system, D.C.A.S. agents then inspect the building every three months to make sure that proper security is being maintained.

Guard Was Surprised

When the four burglars looted the Romaine Street building shortly after midnight last June 5, only one guard and one other Hughes employe were on duty, law enforcement sources said. According to the initial police report, the guard was surprised by a gunman while on patrol outside the building and forced to admit the safecrackers. During a four-hour foray, between 12:45 A.M. and 4:45 A.M., the burglars burned open two safes with acetylene torches and rifled files and desks.

On July 29, a Hughes agent received a phone call attempting to extort \$1-million from Mr. Hughes, who is one of the nation's wealthiest men. The burglars sought to sell back the stolen files in two installments of \$500,000 each.

The negotiations were taken over by Ralph Winte, head of the Hughes organization's West Coast internal security division. After a series of telephone conversations, which were tape-recorded on the Hughes end, the extortion demand was refused. Hughes officials reasoned that the material would probably be photocopied by the burglars for further extortion demands.

Hughes Aides Questioned

The loss of the billionaire's files caused consternation in his organization, because Mr. Hughes has a penchant for secrecy in even routine business transaction. Hughes officials have speculated privately that the burglary was an "inside job," and number of Hughes employes have been subjected to lie detector tests.

Among the data that the burglars boasted they had stolen were documents discussing an arrangement between the C.I.A. and Mr. Hughes's Summa Corporation. Reliable sources familiar with the investigation say that at least one document taken was a memorandum ex-

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plaining to Mr. Hughes in detail the relationship that would exist between his corporation and the C.I.A.

Summa Corporation is a successor to the Hughes Tool Company as the top holding company for the billionaire's properties. He is the sole stockholder in the corporation.

The sources gave the following account of what happened after the extortion attempt failed:

An automobile salesman named Donald R. Woolbright approached a television script writer here and told him that he had access to the stolen Hughes files. Mr. Woolbright told the writer that the burglars wanted to sell the documents which Mr. Woolbright described as "politically explosive," to some publication outside the United States.

The writer, who asked that he not be identified, says he made one telephone call to the New York office of Der Spiegel, a West German magazine. He then consulted his attorney, the writer said, and

was advised to inform local law enforcement officials about the approach to him by Mr. Woolbright.

Burglary 'On Commission'

He said that Mr. Woolbright told him that the burglary had been staged "on commission" by four men from St. Louis. Mr. Woolbright has an extensive police record on charges that include burglary, possession of burglars' tools and receiving stolen property.

The writer said that he had given Mr. Woolbright \$4,000, which was intended to purchase one file from the burglars. Soon, the writer said Mr. Woolbright broke off contact with him and vanished.

Around September, local law enforcement officials set up a plan to buy back the stolen Hughes files with what law officials describe as "a million

<p>dollars in Federal funds." Law enforcement officials say that the plan was kept secret because the case "involved the national security at the highest level."</p>	<p>that "national security" is involved in the theft, he said "We will not respond to that question."</p>	<p>Mr. Woolbright was at his home at 7734 Glassport Avenue in Canoga Park, a suburb of Los Angeles.</p>	<p>from Canoga Park in early November.</p>
<p>These sources say that instructions to buy back the file were given by Clarence M. Kelley, head of the Federal Bureau of Investigation, William Sullivan, special agent in charge of the Los Angeles F.B.I. office, who relayed them to Chief Ed Davis of the Los Angeles Police Department.</p>	<p>Police Make Complaint</p>	<p>He and his wife sold the property to a California couple, Mr. and Mrs. James Breese, last Oct. 29, some two months after the television writer went to law enforcement officers and told them of Mr. Woolbright's connection with the burglars.</p>	<p>Informed that Mr. Woolbright several months after the police had begun hunting for him, Chief Davis said, "We have a lot of crime here, and we are understaffed."</p>
<p>Chief Davis has declined to discuss the case, because it is before a Los Angeles County grand jury.</p>	<p>Police officers charge that Hughes officials gave them little cooperation in their investigation. At one point, according to a police source, Mr. Hughes's long-time personal secretary, Nadine Henley, was asked to take a telephone call from an "intermediary" for the burglars so they could assure themselves that they were dealing with a high Hughes official. Instead, the police source said, Miss Henley went to a party.</p>	<p>Mr. Woolbright took a \$4,500 second trust deed in the home transaction, and the Breeses have been mailing their monthly payments to him in care of the Woodland Hills branch of Security Pacific National Bank.</p>	<p>A Hughes spokesman, questioned about the Romaine burglary, said, "We will not comment on any aspects of this matter."</p>
<p>A Los Angeles F.B.I. spokesman said only, "We looked into the burglary at the outset and decided we did not have jurisdiction. We are not investigating it."</p>	<p>Other aspects of the police investigation puzzle people familiar with the case.</p>	<p>Mr. and Mrs. Breese said that no law enforcement officers, either local or Federal, have ever talked with them. They were unaware that Mr. Woolbright was being sought for questioning. He vanished</p>	
<p>When asked about the report</p>	<p>At the time law enforcement officials were trying to re-establish contact with the burglars with a million-dollar bait,</p>		