

# C.I.A. Covert Activities Abroad Shielded by Major U.S. Companies

The following article was written by John M. Crowlson based on reporting by him and Nicholas M. Horrocks.

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WASHINGTON, May 10—The Central Intelligence Agency's use of the Howard R. Hughes organization to disguise its recovery of a sunken Soviet submarine is but the most recent example of a long-standing practice in which dozens, perhaps scores, of American companies have lent their names and reputations—usually for a price—to shield covert CIA.

According to one intelligence source thoroughly familiar with the practice, these relationships between the CIA and American-based multinational corporations, known as "commercial cover agreements," have resulted in the placing of career CIA officers in the overseas offices of legitimate companies that range from some of the largest in the world to others unknown to the general public.

The source named more than 20 American companies that he said had entered into such agreements with the CIA over the last 15 years.

The list, which reads like a "Who's Who" of business and finance, includes such diverse fields as petroleum, rubber products, heavy manufacturing, banking, consumer products and services, travel, advertising, publishing, public relations and the import-export trade.

A CIA official said that the agency would remain silent on the details of its cover arrangements with American businesses, but other officials have previously conceded that operatives posed as journalists and businessmen while working abroad.

Spokesmen for most of the

corporations identified by the intelligence source said, after checking, that they had been unable to find any evidence of a relationship between their organizations and the CIA.

Some of the companies declining to comment, and others said that they had been asked by the CIA to enter into such relationships but had rebuffed the agency.

There have been recent published assertions, however, that Federal Travel Guides, Inc., has provided operating cover for intelligence agents abroad, and an article in the Feb. 3, 1975, issue of Advertising Age suggested that the J. Walter Thompson Company, the nation's largest advertising agency, had performed a similar function for the CIA.

### Assertion Denied

The J. Walter Thompson organization has denied the assertion, but a spokesman denied any source as CIA agents who had operated under Thompson cover were employed at one time in the company's offices in Paris and Tokyo.

Eugene Feder, the head of the Travel Publishing Company, has denied allegations by E. Howard Hunt Jr., the retired CIA operative and convicted Watergate burglar, that he himself is a former CIA agent. Mr. Feder declined comment, however, on Mr. Hunt's assertion that Feder had provided operating covers for American intelligence agents abroad.

Officials of the Summa Corporation, Mr. Hughes's umbrella organization, has said privately that the exclusive billionaire received no remuneration for allowing the CIA to place his imprimatur on the Hughes Glomar Explorer, the salvage ship that, discussed as a deep-sea mining vessel, raised part of a Soviet submarine from the floor of the Pacific last summer.

There are, nevertheless, indications that Mr. Hughes may have reaped some long-term rewards for his operation, and many of the other companies that have entered into commercial cover arrangements, according to the intelligence source, have received various forms of compensation in return. The source said that some had forced the CIA to "pay through the teeth" for the use of their names.

### Maintaining 'Cover'

The source gave this description of how the arrangement works:

To maintain their "cover," the CIA operatives working under such agreements must spend a certain portion of their time on legitimate business activities. In most instances, these activities produce income that is shared by the CIA, and the covering company.

The operator's salary is paid by the CIA, which also underwrites the expenses incurred if an overseas "business" office must be enlarged or opened to accommodate the agency's purposes. The company then benefits by gaining a corporate presence in an area where it otherwise would have none.

On some occasions, the

source went on, companies having commercial cover agreements with the CIA, have attempted to take advantage of their special relationships by approaching the agency to seek some official favor from the Government. But he said that, to his knowledge, they had invariably been turned away.

The corporations involved in these relationships may benefit in yet another way. Although most agents operating under commercial cover allow the minimum time possible to corporate matters, the reverse is sometimes true.

Some clandestine agents, another intelligence source has said, have given the CIA "a pain in the neck" and company sales an unexpected lift by spending "only 10 minutes a day" gathering intelligence and devoting the remainder of their time to business dealings.

Other agents have proved to be such talented businessmen that they reportedly have eventually been hired away from their intelligence positions as full-time executives by the companies that provided their covers.

Although there are no published estimates of how many CIA agents are working under commercial cover, the number is believed to be around 200, according to the intelligence source. Similarly, no one outside the CIA, and few within, know precisely how many commercial cover arrangements are in force at any one time, the source said.

Nor is the existence of such arrangements broadly known within the participating corporations, the source said, where, typically, only one or two top executives are made "witting"—the C.I.A. term for one who is knowledgeable—of the cover operator's true affiliation.

For this reason, smaller companies, or large ones with small overseas offices, are reportedly preferred by the C.I.A. For such relationships. Since virtually all the agent's business colleagues are left unwitting, the source said, it is far easier for him to carry out his intelligence work if he is not required to maintain the appearance of a corporate executive in front of a large number of genuine businessmen.

Corporations that are wholly owned by a single individual, closely held, or headed by a dominant and aggressive chief executive officer are likewise more attractive to the agency, the source said, although several with broad public ownership allegedly have been used for cover purposes as well.

Not surprisingly, Mr. Hughes's various entities reportedly have proved particularly useful to the C.I.A. as "front" organizations. The intelligence source, who said that the agency had employed Mr. Hughes for other covers before he became involved in the submarine salvage project, recalled that members of the C.I.A.'s central cover staff, which oversees such arrangements, "always referred to him as 'the stockholder.'"

Mr. Hughes, whose Summa Corporation is wholly owned by him, was "ideal for certain projects," the source said, "be-

cause once he comes down and says, 'do a certain thing,' you do it."

The source recalled one instance in which the C.I.A. needed to arrange quickly for an agent to attend an international air exposition in Paris at which the Soviet Union's TU-144 supersonic transport was scheduled to perform.

The Hughes organization, the source said, was able on short notice to slip a C.I.A. agent onto the show grounds disguised as an employe of the Hughes Aircraft Corporation, which reportedly has undertaken a number of highly sensitive projects for the agency in past years.

A spokesman for the Summa Corporation said that he had "no knowledge of that inci-

dent."

The tax problem generated by C.I.A. agents who lead double lives as businessmen, the source said, are handled by a secret "tax committee" within the agency that works closely with the Internal Revenue Service.

#### Two Returns Filed

Each year, he said, the 200 or so businessman-spies file two Federal income-tax returns — and "overt" return that lists the salary ostensibly paid by the covering company, and a "covert" return that shows the true Government salary.

The "covert" return, he said, although inspected by the I.R.S., never finds its way outside the C.I.A.'s modernistic

marble headquarters building across the Potomac River from Washington.

There are about 6,000 employees of the C.I.A.'s Division of Crandestine Services, the "cloak and dagger" branch of the agency that sends intelligence operatives abroad under a variety of covers. These include "official" covers, in which the agent is passed off as an economic or political officer attached to an American Embassy or foreign aid mission.

It is, however, the clandestine services' "deep cover" agents, like the bogus businessmen, who are the elite of the C.I.A., the source said. They are the nearest thing in the American intelligence community to the secret agent, he said, the men who work most often with such paraphernalia as physical disguises, false passports and disappearing inks.

They are, in most cases, highly individualistic and re-

sourceful types, he said, who prefer to work overseas and on their own, frequently in dangerous circumstances, rather at C.I.A. headquarters or in American Embassies.

Since their extended absences from Washington deny most of them the contacts necessary for promotion within the C.I.A., they are generally men with little ambition for advancement, the source continued. Their only tangible reward is a 10 per cent salary bonus awarded annually for working under dangerous conditions, he said.

The nature of their work denies them both security and genuine friendships. If a deep-cover agent should be exposed and captured, the source said, he cannot depend on the C.I.A. to secure his return, and the agency, in fact, may be forced to deny knowledge of him.

Moreover, while he is "in place," or on assignment under cover, the source said, the agent continually presents a fabricated identity to his associates and acquaintances, fending off the ones who attempt to come too close. Even other deep-cover agents with whom he may work off and on

for years are likely to know him only by his "funny," or cover, name.

The deep-cover agent's true vocation, the source said, is carefully hidden at the outset of his career from most of his colleagues in other branches of the C.I.A. One such former agent described how, near the end of his espionage training at Camp Peary, a C.I.A. facility in southeast Virginia, he and a handful of classmates were taken aside and asked about their interest in deep-cover work.

Those who agreed to join that branch of the agency, he said, then became the principal actors in an attempt to convince their fellow trainees, by their casual comments, that they had become disillusioned with the C.I.A.

Their efforts, the source said, accompanied by asides from their professors that cast doubt on their potential for espionage work, culminated in their "resignations" from the six-month training program.

Fellow trainees who had unsuccessfully urged such friends to stay on perhaps then received letters or telephone calls from a departed colleague reporting that he had taken a

job as an overseas executive or sales representative for a well-known corporation, the source said. Regrets were exchanged, and there were promises to keep in touch, he said. The deep-cover agent was "in place."

The agent working under a commercial cover abroad has the primary responsibility to create and reinforce his second identity, the source said. He reportedly receives periodic help from the C.I.A., but is left largely to rely on his own resources in convincing business associates and others that he is what he is not.

In supporting a deep-cover identity, an operative sometimes finds it necessary to violate Federal laws. One agent who reportedly posed as a businessman in Western Europe, for example, accepted the leadership of an organization of Republican party members living abroad.

The man's political work may have helped allay suspicion about his true identity, according to the source. But it also amounted to a violation of the Hatch Act, which prohibits Federal employees from taking part in partisan political activity.