

# Blue-Ribbon Treatment For the CIA

The simmering scandal in the Central Intelligence Agency boiled hotter last week. As new stories of domestic snooping came to light, there were more resignations under fire at the CIA's Langley, Va., headquarters—along with stiff questions from Gerald Ford and a growing determination in Congress to give the whole affair a thorough airing. There was still no clearcut documentation that the CIA's excesses were as massive and illegal as first charged by The New York Times, but each new trickle of detail seemed to confirm that there was substance to the charges. More light than ever before was being focused on the supersecret agency, and the results suggested that it might have still more improprieties to hide.

To root out the scandal, the President announced at the weekend that he would soon name his own "blue ribbon" panel to scrutinize the CIA, determine whether it has exceeded its legal powers and decide whether "existing safeguards are adequate" to keep the agency in line. The members, said White House aides, would be "distinguished Americans" who had no prior contact with the CIA or the Watergate scandal and had never served in Congress. The panel, Ford said, should report in three months—and he added that the Department of Justice had started up an inquiry of its own.

**Report:** For openers, the panel would have the report on CIA domestic activities written for the President by CIA director William E. Colby. But this might not be much help; according to one source familiar with its contents, it includes only ten pages of summary and twenty of supplemental attachments. Press secretary Ron Nessen said flatly that after reading the report and consulting with Secretary of State Henry Kissinger and Defense Secretary James R. Schlesinger, Colby's immediate predecessor, Ford still felt the need for an outside inquiry. Congress was getting the same message: Michigan Rep. Lucien Nedzi, Sen. John Sparkman of Alabama and Maine's Sen. Edmund Muskie were promoting their own hearings on the scandal. And Tennessee Sen. Howard H. Baker called for a renewed inquiry into CIA involvement in Watergate.

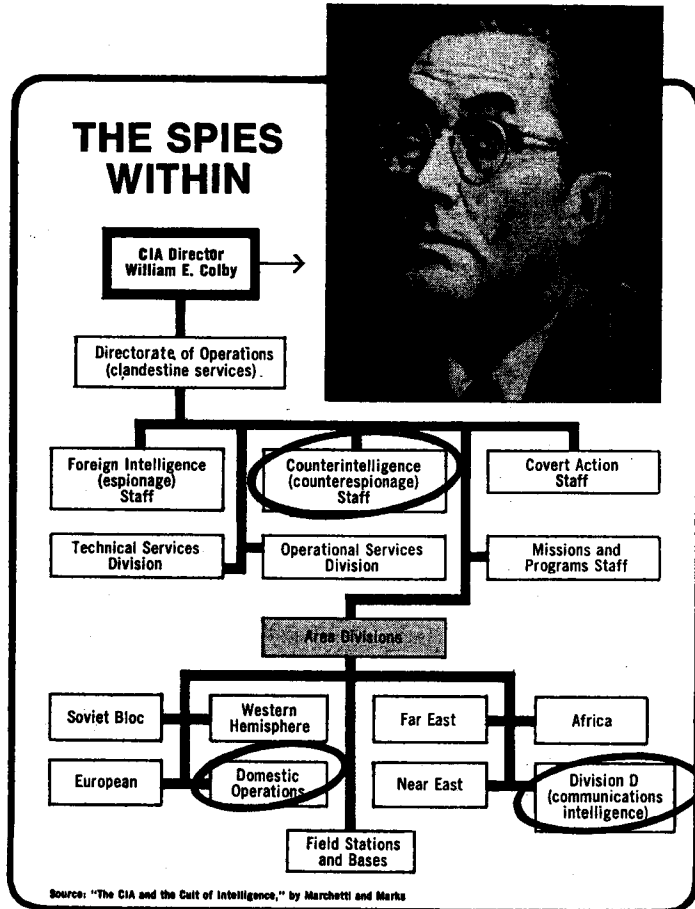
Meanwhile, the disclosures continued. New York Times reporter Seymour M. Hersh, who broke the first story of the CIA's domestic intrusions, turned up one

of the agency's former undercover agents in New York who claimed to have followed and photographed student antiwar demonstrators and to have taken part in break-ins and wiretaps to keep tabs on them. Then Hersh recycled a 1973 story: Senate testimony by Watergate conspirator E. Howard Hunt, who claimed that his covert assignments for the CIA's Domestic Operations Division (from 1962 to 1966) seemed "to violate the intent of the agency's charter."

Like the original Times allegations, these stories did little to substantiate a truly massive, illegal CIA domestic operation. But, NEWSWEEK learned last week, agency officials were worried that further investigation might unveil the size and range of the CIA's network of "agency proprietaries," cover organizations and active CIA alumni through which much of its domestic surveillance against antiwar dissidents was actually carried out, at one remove from the agency itself. Senate investigators said they had evidence that the CIA used such "outside entities," including apparently unrelated commercial companies and an old-boy network of former agents in key positions, for precisely that

purpose. "That gave them maximum protection and maximum 'deniability'—if I may use that word," one Senate staffer explained. "They're very goosy about this domestic question."

**'Cover':** As explained by CIA sources and outside investigators, many agency proprietaries were developed over the years to provide "cover" for agents on foreign assignments. They included airlines, public-relations firms, private security services, even travel publications such—at one time—as the Fodor guidebooks, it was reported last week. Agents also infiltrated existing U.S. organizations such as labor unions and the National Student Association. While that practice was supposedly terminated after the revelations of the mid-'60s, some sources said the agency had withdrawn only from groups that had been compromised. Beyond that, the CIA regularly lends agents to other arms of government—the Secret Service and Drug Enforcement Administration, for example—and it generally enjoys the sympathy of agency alumni (some perhaps still on the payroll) working in other critical positions. For example, NEWSWEEK learned, the Assistant Postmaster Gen-



Spookmanship: An inside critic's view of the CIA's clandestine arm

eral in charge of domestic-mail surveillance went directly there from the CIA.

Even on the basis of what has been published so far, CIA headquarters was undeniably rattled. For the record, director Colby and some other top officials claimed to be eager for some credible Congressional review of the agency—to allay rumors of misbehavior and provide additional authority for agency projects. "There isn't a soul out there who wouldn't be delighted at the chance to clear the air," said one of Colby's intimates. But other insiders said the controversy was paralyzing the agency's day-to-day operations and forcing senior staffers into early retirement. Most prominent of these was James J. Angleton, chief of counterintelligence, who re-

documents that veteran agent Hans Tofte had carelessly left around his Washington home.

Under the Directorate of Operations, an agency euphemism for clandestine services and "dirty tricks," are two units besides Angleton's whose domestic activities could easily cross the line of legality. One is the Domestic Operations Division, ostensibly responsible mainly for recruiting and for interviewing travelers returned from abroad. Actually, this division has also been infiltrating outside groups, setting up agency proprietaries or fronts and keeping track of most citizens with whom its agents came into contact.

Another center of domestic activity is Division D (formerly called Staff D),

of an FBI agent who had given the CIA some useful information. In a rage, Hoover abruptly abolished a seven-man liaison office through which the FBI had traditionally dealt with the larger U.S. intelligence community.

**Slack:** That left the agency more on its own than ever. Without the FBI to handle the domestic end of counterespionage investigations, for example, Angleton relied more heavily on the CIA Office of Security and perhaps the Domestic Operations Division. Some sources said he took up the slack with a special 50-man unit within his own CI section. That unit, which apparently dated to 1968, was directed by career intelligence officer Richard Ober, now a staffer at the National Security Council (though still on the CIA payroll, he concedes). And it was Ober who was originally named as the man responsible for briefing former CIA director Richard Helms on the progress of the domestic-surveillance program, which reportedly flourished under Helms's administration.

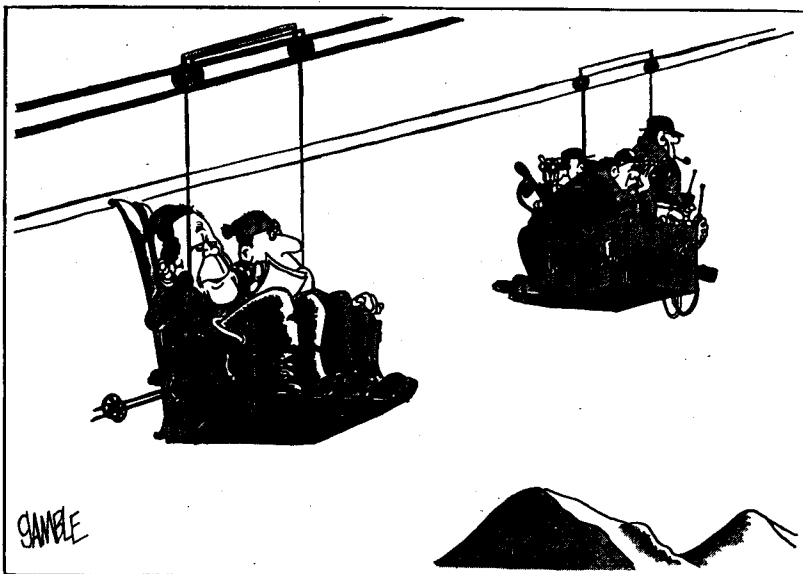
Helms, now the ambassador to Iran, was sure to face strenuous questioning on the whole controversy. Back in the U.S. last week for home leave after a brief vacation in Europe, he was quickly summoned to a breakfast with Secretary of State Kissinger and then met with President Ford. Helms was also expected to testify on Capitol Hill, where the question of perjury has been raised in connection with his numerous denials of illegal CIA domestic surveillance. And some suspected that he might well lose his diplomatic post before long.

The agency's own position would be even harder to sort out. Its charter is fuzzy to begin with; in addition, it can legally extend its operations when authorized by the National Security Council—and the investigators will have to find out what secret NSC orders (NONSKIDS, in CIA jargon) exist to back up its domestic activities. In the end, the whole issue may prove a legal gray area. But there was clearly a lot to be told—and there were basic questions to confront about the role of a secret agency in a free society.

## CONGRESS:

### Wilbur's Repentance

His gavel and tax books—the tools of power he wielded for seventeen years as chairman of the House Ways and Means Committee—had been taken from him, and his reputation indelibly smirched by his recurring exploits with an Argentine stripper. But there remained one final humiliation for Wilbur Daigh Mills: in a soul-baring statement from his hospital bed, the Arkansas Democrat admitted last week that his downfall was caused by alcoholism. He said his drinking bouts brought on blackouts and that it was during one of these that he joined showgirl Fanne Foxe onstage in Boston, bringing the curtain down on



... and you assure me, Colby, that the CIA has stopped all of its domestic spying ...?

signed a fortnight ago after being linked to the illegal domestic surveillance (NEWSWEEK, Jan. 6). Last week, Angleton's three top aides at CIA also resigned, raising even more questions about the section's past activities.

**Entries:** Angleton and his aides had not been solely responsible for CIA excesses in domestic surveillance. NEWSWEEK learned that at least some of the questionable conduct was attributable to the agency's Office of Security, whose former director, Howard Osborne, also retired suddenly last year—reportedly after some of his Congressional testimony proved disturbing to Colby. His section was responsible for the security of CIA buildings, personnel and records, and also operated as the agency's internal police force—making literally thousands of investigations of citizens who came into contact with the CIA through employment applications or proprietary organizations. It was the security office that made one of the illegal entries to which the CIA admits—to recover classified

which handles intelligence relating to communications. That includes "bag jobs" aimed at getting foreign diplomatic codes and some opening of mail to and from U.S. citizens. In San Diego last week, former CIA staffer Mel Crain—now a political-science professor—said he operated under Staff D authority for just such a mail-opening operation in the late 1950s. Mail from U.S. citizens to countries behind the Iron Curtain was scientifically opened, copied and resealed without a trace, according to Crain. "When we were briefed on the operation," he recalled, "the officer in charge began by saying that 'this activity is illegal and unconstitutional, but it is in the best interest of our country.'"

The CIA was reportedly prompted to take on increasingly broad domestic responsibilities in the 1960s as Presidents Kennedy, Johnson and Nixon grew increasingly dissatisfied with the work of J. Edgar Hoover's FBI. The big break came in 1970 over an incident in which the CIA refused to tell Hoover the name