

# Baker Reports C.I.A. Compiled Dossiers on a Former

By NICHOLAS M. HORROCK  
Special to The New York Times

WASHINGTON, Jan. 16— Senator Howard H. Baker Jr. said today that his investigation into any Central Intelligence Agency involvement in Watergate had disclosed that the agency had compiled dossiers on a former Senate aide and a New York private investigator.

In a telephone interview at his home in Huntsville, Tenn., Senator Baker, a Republican, said that his investigation had found that the agency had dossiers on Bernard Fensterwald, a Washington, D.C., lawyer and former aide to the late Senator Edward V. Long, Democrat of Missouri, and on Arthur James Woolston-Smith, an officer of a New York City investigation and industrial security consulting concern.

"These were but two of the numerous indications our investigation turned up that the C.I.A. has engaged in widespread domestic activity," Mr. Baker said.

A spokesman for the C.I.A. declined to comment on the Senator's allegation.

A report on the agency's domestic activities released yesterday by William E. Colby, Director of Central Intelligence, acknowledged that the agency had kept files on several members of Congress and numerous dossiers on American citizens collected both by domestic spying operations and through agency employment checks.

Senator Baker said that his inquiry into C.I.A. activities, brought to an abrupt close by the demise last year of the Senate Watergate committee, of which he was vice chairman, had uncovered five areas that he believes require further investigation by a bipartisan select Congressional committee or some form of permanent intelligence oversight committee.

Mr. Baker said that he was "unabashed" in his desire to be part of a Congressional committee to investigate the agency. He added that though "I feel it may sound immodest, I think I'm one of the best qualified men in the Senate to delve into C.I.A. because I was one of the first to hear the 'animal crashing about in the forest.'"

## Senator Long's Activities

The Senator was referring to his suspicion in 1972 that there might be illegal intelligence and espionage activity going on in

this country.

Both Mr. Fensterwald and Mr. Woolston-Smith said that they had no knowledge that the C.I.A. had maintained dossiers on them. "I don't doubt it and I don't care," said Mr. Woolston-Smith, a New Zealander who said his concern had done intelligence work for the United States Navy. Mr. Woolston-Smith, an officer of Science Security Associates, Inc., said he had warned the Democrats in April, 1972, that they might be the subjects of a sophisticated electronic surveillance plot.

Mr. Fensterwald said he had no "independent" knowledge that the C.I.A. had a dossier on him or that it had ever investigated him, but he speculated that he might have come under agency scrutiny when he was working for Senator Long's investigation of wiretapping and bugging in the mid-1960's.

"We were getting into C.I.A. wiretapping, pushing the Freedom of Information Act and investigating a U.S. Government plot to assassinate Fidel Castro and any one of these things could have attracted their attention, Mr. Fensterwald said. Last month, Time magazine reported that the C.I.A. had created a dossier on Senator Long during the same period.

The report on domestic activity released by Mr. Colby, current director of the C.I.A., acknowledged that the agency had voluminous files on American citizens as well as the 10,000 specialized dossiers on antiwar activists first revealed by The New York Times on Dec. 22.

Though a file on Mr. Woolston-Smith may have ended up in C.I.A. data vaults as a foreign national involved in intelligence work, the fact that there was a dossier on Mr. Fensterwald struck Senator Baker as demanding more information. "We had no indication from the C.I.A. that Mr. Fensterwald had been involved in any foreign intelligence," he said.

## The Areas for Study

Mr. Baker, discussing the need for further investigation, said that one of the five proposed subjects was the destruction of tapes and documents.

On Jan. 24, 1973, Richard Helms, then director of the C.I.A., ordered the destruction of tapes of his personal office and telephone conversations dating back over several years. The tapes included conversa-

tions with President Nixon and other Administration leaders, according to Mr. Baker's Watergate report.

The destruction was carried out despite a request from the Senate majority leader, Mike Mansfield, Democrat of Montana, that the C.I.A. retain all evidence pertinent to the Watergate investigation. Mr. Helms later testified that the tapes had contained no Watergate material. "We ought to have further testimony on this from Helms's secretary and from the custodian of the tapes," Mr. Baker said.

Mr. Baker said that the volume of material destroyed was so great that "it took them several days to scissor the tapes and burn them."

"I don't charge Mr. Helms with any wrongdoing," he said. "I'm only sorry the Congress

has been deprived of the opportunity to review the material."

He said that his investigation had found indications that the C.I.A. might have tapes of telephone and room conversations throughout its headquarters in Langley, Va. He pointed out, for instance, that a tape of a conversation between Marine Gen. Robert E. Cushman Jr., then deputy director of the C.I.A., and E. Howard Hunt Jr., who was convicted for his role in the Watergate burglary had not been destroyed. The agency, he said, also "appeared to have a taping capability from the main switchboard."

Mr. Baker said that, in addition to the tapes, the C.I.A. had reported that several documents had been destroyed.

A second area to investigate, Mr. Baker said, is the domestic role of Eugenio R. Martinez, a Watergate burglar. The C.I.A. acknowledged that at the time of the Watergate burglary, Mr. Martinez was receiving a \$100-a-month retainer as an operative in Miami. Mr. Baker said that in addition to reporting on "maritime operations" Mr. Martinez was assigned to learn about possible demonstrations by Cuban-Americans at the Miami political conventions.

When the Senate Watergate investigators asked the C.I.A. about this apparently completely domestic assignment, presumably forbidden by the National Security Act of 1947, they were told that the agency was responding to a request from

the Secret Service which had the responsibility for candidate safety. Mr. Baker said there was no clear reason why the Secret Service should have asked the C.I.A. for such domestic intelligence.

## Support for Hunt

Moreover, Mr. Baker said, when he attempted to interview Mr. Martinez's case officer during the crucial period in 1971 and early 1972, he was first told the officer was "on African safari" and then was later told he was unavailable because he was serving in Indo-China. Mr. Baker said the agency had also withheld numerous documents concerning Mr. Martinez's activities.

The third area proposed for

investigation is the support for Mr. Hunt. Mr. Baker's investigation disclosed that, in addition to providing Mr. Hunt with disguises, false documents, and hidden cameras, the C.I.A. had referred Mr. Hunt to former agency personnel who might be willing to become involved in espionage operations.

Upon Mr. Hunt's request he was given the name and location of a "lock picker" and men to do electronic surveillance, Mr. Baker reported. The referrals were made by the chief of the agency's external employment assistance branch, which aids former employees.

"I think we must establish whether these referrals were authorized by the director and, if not, who decided this was an

## Senate Aide and a Private New York Investigator

appropriate job referral for the agency to make," Mr. Baker said.

One former Senate investigator said that the external assistance operation was "virtually the switch plate of an old-boy network for former C.I.A. agents." The discovery of the Hunt referrals fed the suspicion that many C.I.A. men continue to work for the agency long after appearing to resign or retiring. Mr. Hunt testified that he "retired" once in the mid-1960's as a cover story for a spying assignment in Spain.

The fourth proposed study would involve covert domestic agents. Mr. Baker said that "far more must be learned about the C.I.A.'s hiring of secret agents in the United States. It

was his investigation that first brought to light the existence of a domestic agent operating in Washington on a \$250-a-month retainer. Lee Pennington Jr. was the C.I.A. operative sent to the home of James W. McCord Jr., convicted Watergate burglar, two days after the break in and the man who assisted in the destruction of papers that might have linked Mr. McCord to the C.I.A., according to a report by Mr. Baker to the Watergate committee.

Mr. Pennington died of a heart attack last year, but not before testifying that he had been retained by the agency to gather information in Washington. Mr. Baker said he had found indications that there

were "other Lee Penningtons." Finally Mr. Baker would investigate fronts and proprietary companies.

The Baker investigation uncovered indications that the C.I.A. had retained and possibly fully supported private investigation agencies in the United States that could conduct domestic surveillance operations under the guise of private investigations.

Mr. Baker said this evidence coupled with his findings on the operations of the now-defunct Robert Mullen Company, a C.I.A. cover organization, required that Congress "learn a great deal more about the C.I.A.'s investment in private industry and its use of private firms for cover operations."

# Text of Statement by Helms to Senators on C.I.A.

Special to The New York Times

WASHINGTON, Jan. 16—Following is the text of a statement today by Richard Helms, former Director of Central Intelligence, before the Senate Armed Services Subcommittee on Central Intelligence:

Mr. Chairman:

We are here this morning for a straightforward purpose: To get at the facts bearing on the conduct of the Central Intelligence Agency in situations that have lately come under attack in certain quarters of the press and from some members of Congress.

All the members of this committee have devoted much, if not all, of their professional lives to the public service. I ask for the privilege to speak to you across the familiar ground of a shared experience. Before becoming an Ambassador, I spent 30 years in the intelligence service. For me and, I believe, for most of those who served with me in the Central Intelligence Agency, these were years of high meaning—serious work in the American interest.

I was and remain proud of my work there, culminating in my six and a half years as director. I believed in the importance to the nation of the function that the agency served. I still do: without regrets, without qualms, without apology.

If then a feeling of pride should hereafter pervade what I have to say about my direction of the agency and my exposition of its functions, I pray you will not interpret my attitude as self-serving. It is simply the way I feel about what I came to look upon not merely as a job, but rather as a calling—a profession, regulated as all professions are, by scruples, by honor, and by duty. In addition, the needs of the President were paramount, within the bounds of a statutory charter.

And if I should yield to indignation in my comments on the public turmoil that now surrounds the agency, it will be because I am indignant at the irresponsible attacks made upon the true ends of the intelligence function—attacks which, if suffered to pass unchallenged, could seriously damage the interests of the United States by impairing its ability to live safely in a world too much of which remains locked off in closed, fortress-like states.

Provisions of the Law

The function—the work, that is—of the Central Intelligence Agency is well spelled out in the National Security Act of 1947: the same act

of his staff who are responsible for the conduct of our foreign policy and national defense.

It so happens that the word "foreign" does not appear in the act. Yet there never has been any question about the intent of the Congress to confine the agency's intelligence function to foreign matters. All the directors from the start—and Mr. Colby is the eighth in the succession—have operated on the clear understanding that the agency's reason for being was to collect intelligence abroad. The boundary has always been plain to them and to their staffs.

Those of us who were in one or another of the national intelligence services during the second world war remember well that when General Donovan first put forward the concept of a peacetime intelligence service agency in 1944, the idea was attacked in the press as a device for fastening a Gestapo on the nation.

It was precisely for the purpose of banishing such fears, however groundless, that the language of the founding act specifies that the Central Intelligence Agency would have no police, law enforcement, or subpoena power, and no internal security function.

To my certain knowledge, all the Directors of Central Intelligence in their turn accepted the division of the foreign and domestic intelligence and security tasks as an absolute—a separation confirmed by the mandate of Congress. Our work lay in foreign fields.

Efforts Based in U.S.

So that there may be no misunderstanding, we all know that just as photographic satellites are launched from American soil, a considerable portion of our effort is based in this country. The agency is charged with collecting foreign intelligence domestically from United States citizens or residents traveling abroad.

Overseas activities may need a home base in this country and in any case are basically administered from headquarters in Virginia, where also are the bulk of our analytical and estimative personnel.

As I will describe in a minute, the interface with the Federal Bureau of Investigation is continuous and we have never in any way challenged their jurisdiction. And finally the Director of Central Intelligence has the statutory responsibility for the protection of intelligence sources and methods from

that is carried on in secrecy, especially in peacetime.

That distrust is a healthy one and the intelligence services should accept such skepticism as an inescapable occupational hazard. They are themselves, after all, essentially reporting services. Whenever they fail to read the signs correctly, or whenever they are guilty of some misfeasance in the conduct of their business, the press has a right, indeed a duty, to take them to task.

Irresponsibility Alleged

This brings me to the second reason. The current attack aimed at the agency was in my opinion irresponsible.

The principal allegations remain unsupported, and, to the contrary, have been undermined by contrary evidence identified by the press itself. Yet these allegations, picked up and carried to the four corners of the earth, have brought undeserved embarrassment and humiliation to the patriotic and dedicated men and women of the Central Intelligence Agency. And they seriously damage, at least temporarily, the function the agency is charged with performing in the national interest.

We in the intelligence community and the press in its world are both in the business of reporting information in the public interest. I say in all seriousness that for some of the press to pound the public with such a farrago of charges can only result in scarring the reputation of an arm of the government without serving a useful purpose.

I offer, if I may, another observation. It is that quite apart from the question of the motives that may or may not have fostered the attack on the agency, the press plainly lacked a firm understanding of the practices and precepts of American intelligence.

I see now, in hindsight, a fairly urgent need for educating the press, and through the press the American people, in the not particularly arcane distinctions that exist in the intelligence community.

If my estimate is correct, it took the more responsible elements of the press a full fortnight to grasp what has actually gone on inside the different parts of that community. If this distinguished panel should agree with me that much of ruinous misunderstandings of these past weeks could have been avoided if only the intelligence function had been more widely understood, then perhaps you will find a way

of a fraction of the total machinery, in terms of money,

The bulk of its budget is spent on the collection and assessment of information. In contrast, the counterintelligence side, the side that seems most to fascinate our critics, is small both in budget and in people. It has the highly professional job of detecting and countering foreign efforts to penetrate and subvert our institutions and policies.

In this task the counterintelligence branch must by law and necessity work closely with the Federal Bureau of Investigation. The F.B.I. handles the counterintelligence function inside our shores. The C.I.A. does the job abroad. Manifestly, since agents come and go, there has to be a continuous interchange of information between the two organizations, and an exchange of files as well.

Trust and confidence are the sovereign coinage in this work. One simply cannot pass such valuable people as identified foreign agents to and fro between the foreign and the home systems as the international and domestic air carriers do with their passengers. Our sources of intelligence would not last long if we were that indifferent.

I have a last point to make. In normal times few Americans would ever come within the purview of our foreign intelligence operations. That happened only when evidence appeared of their involvement with subversive elements abroad.

Until the recent past, such involvements were rare occurrences. Then in the late 1950's and early 1960's came the sudden and quite dramatic upsurge of extreme radicalism in this country and abroad, an uprush of violence against authority and institution, and the advocacy of violent change in our system of government.

By and in itself, this violence, this dissent, this radicalism were of no direct concern to the Central Intelligence Agency. It became so only in the degree that the trouble was inspired by, or coordinated with, or funded by anti-American subversion mechanisms abroad. In such event the C.I.A. had a real, a clear and proper function to perform, but in collaboration with the F.B.I. the agency did perform that function in response to the express concern of the President. And information was indeed developed largely by the F.B.I. and the Department of Justice, but also from foreign sources as well, that the agitation here did in fact

# HELMS TIES SPYING TO RADICALS' RISE

Presidential Authority Led to CIA Action Because of Upsurge, He Says

1/17/75

By SEYMOUR M. HERSH

Special to The New York Times

WASHINGTON, Jan. 16 —

Richard Helms, former Director of Central Intelligence, told Congress today that the C.I.A. had become involved in domestic intelligence gathering of Presidential authority because of "the sudden and quite dramatic upsurge of extreme radicalism in this country and abroad" beginning in the late nineteen-fifties.

Meanwhile, Senator Howard H. Baker Jr., Republican of

The text of Helms statement appears on Page 10.

Tennessee, said that his investigation into any C.I.A. involvement in Watergate had disclosed that the agency compiled dossiers on a former Senate aide and a New York private investigator. [Page 9.]

Discussing the agency's domestic activity, Mr. Helms, in a four-page statement released by the Senate Armed Services Subcommittee on Central Intelligence, said: "By and in itself this violence, this dissent, this radicalism were of no direct concern to the Central Intelligence Agency."

"It became so only in the degree that the trouble was inspired by, or coordinated with, or funded by, anti-American subversion mechanisms abroad."

"In such event," he added, "the C.I.A. had a real, a clear and proper function to perform, but in collaboration with the

Continued on Page 10, Column 1

Continued From Page 1, Col. 4

F.B.I. the agency did perform that function in response to the express concern of the President."

Mr. Helms, now Ambassador to Iran, who served as the agency's director from 1966 to 1973, did not say in his statement which President had authorized what. Nor was it immediately clear which radical groups in the late nineteen-fifties had been responsible for precipitating the C.I.A.'s domestic activities.

Much of Mr. Helms's prepared statement was taken up with criticism of what he said were "irresponsible attacks" on the C.I.A. by the press. He said that the "principal allegations" — of illegal domestic spying — "remain unsupported."

In a 45-page statement released yesterday by another Senate subcommittee, William E. Colby, the present Director of Central Intelligence, acknowledged that the agency had infiltrated undercover agents into antiwar and dissident political groups as part of a counter-intelligence program that, beginning in 1967, led to the accumulation of files on 10,000 American citizens.

Mr. Helms and Mr. Colby testified in secret this morning before the Armed Services Intelligence Subcommittee, headed by Senator John S. Stennis, Democrat of Mississippi, who is chairman of the Armed Services Committee. Mr. Stennis later ordered the release of the Helms' statement.

Mr. Helms's testimony acknowledged that the C.I.A. had participated in some domestic operations, appeared to contradict previous testimony on the same subject that he gave before the Senate Foreign Relations Committee in confirmation hearings on his ambassadorial appointment in February, 1973.

Asked then whether the agency had become involved in widespread domestic spying in 1969 and 1970, Mr. Helms replied, "I don't recall whether we were asked, but we were not involved because it seemed to me that was a clear violation of what our charter was." If

he had been requested to conduct such operations, Mr. Helms further told the senators, "I would simply go to explain to the President this didn't seem to be advisable."

Mr. Helms is scheduled to testify before the Foreign Relations Committee next week. "The principal allegations [of C.I.A. domestic spying] remain unsupported," Mr. Helms said, "and, to the contrary, have been undermined by contrary evidence identified in the press itself."

It was not immediately clear to what evidence he was referring.

Mr. Colby, in his statement yesterday before the Appropriations Intelligence Subcommittee, discussed instances of C.I.A. domestic file-keeping, physical surveillances, surreptitious inspection of mail, break-ins and wiretaps and said that at least 22 agents had been infiltrated into radical and dissident groups inside the United States since 1967.

The Washington Post reported today that it had obtained a copy of a secret Senate memorandum revealing that Mr. Colby had privately told some Senators that the agency conducted surveillance in 1971 and 1972 on a former agency employe turned author, Victor Marchetti, and at least two journalists, Jack Anderson, the columnist, and a Post reporter, Michael Getler. The three men were reportedly suspected of obtaining classified data.

Mr. Helms's written statement about the extent of foreign involvement with the antiwar movement also appeared to contradict the previously reported results of internal C.I.A. studies in 1969 and 1970 that found no evidence of a foreign connection.

In a New York Times article of Dec. 22 reporting allegations of domestic spying by the C.I.A., a former agency official was quoted as saying that the studies, which had been ordered by the White House, were personally approved by James J. Angleton, the head of the agency's counterintelligence, before being forwarded to Henry A. Kissinger, then President Nixon's national security adviser, Mr.

Angleton resigned a day after the allegations of domestic spying were published in the Times.

In his statement, Mr. Helms said that the recent widely publicized allegations about C.I.A. domestic spying "have brought undeserved embarrassment and humiliation to the patriotic and dedicated men and women of the Central Intelligence Agency. And they seriously damage, at least temporarily," he continued, "the function the agency is charged with performing in the national interest."

He described himself as "indignant at the irresponsible [press] attacks."

One reason for the criticism, he suggested, was the fact that the "press plainly lacked a firm understanding of the practices and precepts of American intelligence." He said there was "a fairly urgent need for educating the press" about the distinctions that exist in the intelligence community.

Mr. Helms has testified before two Senate subcommittees and the commission headed by Vice President Rockefeller since his return early this month from his ambassadorial post in Iran. He had previously denied any knowledge of "illegal" domestic activities in a brief cable sent to the State Department, and today's statement was the first detailed account of his views. He has declined all interviews thus far.

Mr. Helms seemed to suggest in his statement that the possibility of foreign involvement in the radical, antiwar movement "justified" the agency's domestic activities.

"Information was indeed developed," he said, "largely by the F.B.I. and the Department of Justice, but also from foreign sources as well, that the agitation here did in fact have some overseas connections."

"As the work load grew," he explained, "a very small group within the already small counterintelligence staff was formed to analyze the information developed here and to give guidance to our facilities abroad."

"As you can see from the material furnished the agency," he said in an apparent reference to the Colby statement, "the

charter of this group was specifically restricted to the foreign field. How, then, is it possible to distort this effort into a picture of massive domestic spying?" Mr. Helms asked.

Mr. Colby testified yesterday that some of the domestic operations undertaken by the counterintelligence division under Mr. Helm's leadership were of "questionable" legality under the C.I.A.'s charter, which forbids the agency to conduct any internal security or domestic police functions.

Mr. Colby also said that any of the past practices, "if wrong, stemmed from a misconception of the extent of C.I.A.'s authority to carry out its important and primary missions—the collection and production of intelligence pertaining to foreign areas and development."

#### Colby Text as Published Contained Erroneous 'Not'

In some editions of The New York Times yesterday, a paragraph in the text of a report by William E. Colby, Director of Central Intelligence, to a Senate Appropriations subcommittee contained an erroneous "not" that distorted the meaning of his statement.

The paragraph, in its correct form, read:

"In this context, it is clear that C.I.A. does have material on large numbers of Americans, as applicants, current and ex-employees, sources and other contracts, contractors, government and contractor personnel cleared for access to sensitive categories of intelligence, references and other names arising during security investigations; individuals corresponding with us, etc."

The word "not" appeared erroneously near the beginning of the sentence between "does" and "have."