

# Business Leaders Are Tied to CIA's Covert Operations

By Richard Harwood  
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There was mounting evidence yesterday that leaders of the American business establishment have been deeply involved in the covert operations of the Central Intelligence Agency in the United States.

In Dallas, Texas, a charitable foundation intimately associated with the Republic National Bank and other major companies, apparently has served as a conduit for at least \$580,700 in CIA funds since 1958. One of the foundation trustees is Federal Judge Sahar T. Hughes, who administered the oath of office to President Lyndon

Johnson following the assassination of President Kennedy.

In Houston, another foundation closely identified with the Texas business community, has apparently passed on \$655,000 in CIA funds since 1958. The foundation's attorney and one of its trustees is Leon Jaworski, a friend of President Johnson who has been rumored from time to time to be in line for appointment as Attorney General of the United States.

#### Officer of Council

In New York, Eli Whitney Debevoise, a distinguished lawyer who served as Deputy U.S. High Commissioner in Germany from 1952 to 1953, was identified as the principal officer of the American Council for the International Commission of Jurists which has received, under another name, \$635,000 from known CIA front groups. One of Debevoise's law partners is Francis T. P. Plimpton, an intimate of Adlai Stevenson and a former U.S. Delegate to the United Nations.

In Boston, Paul Hellmuth, partner in a leading New England law firm, has been identified as a trustee of two foundations that have received and passed on regular contributions from four CIA fronts.

In New York, Arthur Houghton Jr., president of Steuben Glass and a director of its

parent company, Corning Glass Works, has been associated with still another alleged CIA-supported organization — The Foundation for Youth and Student Affairs.

#### More Links Indicated

From all indications yesterday, numerous other links between the CIA, the business establishment, the American legal community, and charitable organizations will be surfaced in the days ahead. They involve student groups, labor organizations, scholarly institutions and other agencies concerned with international affairs.

The link between the CIA and the Texas foundations was established by The Washington Post through an inspection of tax returns in the files of Rep. Wright Patman's Subcommittee on Foundations.

The first is the M. D. Anderson Foundation of Houston, administered by the Trust Department of the First National City Bank in Houston. The Foundation had assets of \$43.6 million in 1964 and owned major blocks of stock in the Bank of the Southwest of Houston, Anderson, Clayton  
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CIA's supporters on Capitol Hill rally to defense of its youth-recruiting activities.  
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## Officers Report

# CIA Used NSA Staff For Spying

By Gerald Grant

Washington Post Staff Writer

The CIA provided up to 80 per cent of the National Student Association's budget and used its officers and staff in direct intelligence gathering activities, the organization's supervisory board confirmed last night.

After three days of closed-door meetings the student group's national supervisory board gave its first official report of the extent of the CIA penetration of the student organization.

Samuel W. Brown, a Harvard Divinity School student who was chairman of the board's investigation, said:

- About 20 foundations and individuals served as conduits of CIA funds to the student organization.

- Until December, 1966, the CIA obtained draft deferments for the officers and fulltime NSA staff members.

- CIA agents were consulted about staff appointments and exercised "subtle influence" over the policies of the student group.

- NSA staffers gathered information for the CIA about foreign student leaders and gave CIA "assessments of the political situation among student organizations abroad."

In disclosing some of the inside dealings with the CIA, Brown said the most "horrible and disgusting" aspect of the relationship was the way the CIA "duped and trapped" student leaders into cooperating with the agency.

According to Brown, the CIA recruited new student leaders after consulting with student officers who were already cooperating with CIA.

But prior to revealing the CIA's link, the recruits were asked to sign security clearance papers threatening them with 20-year jail sentences if they disclosed what they were about to be told.

Then they were told and

were "trapped," said Brown.

After being recruited, Brown said, some student leaders received under-the-table salary supplements of up to \$3500 a

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*American Newspaper Guild's international program subsidized by CIA since 1960.* Page A4.

*Writer tells of work with CIA to organize groups of young people to attend World Youth Festivals.*

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## STUDENTS—From A1

# NSA Tells Of Spying For CIA

year. Others received fellowships after they left their posts.

Brown said the supervisory board had "no intention of dissolving" the NSA because of the disclosure of its 15-year financial involvement with the CIA.

But he announced the immediate suspension of the credentials of representatives of the NSA abroad until they could be cleared of any involvement with the CIA.

In addition, the board froze all funds that were in accounts coming from CIA conduits. The last known transmittal of CIA funds was made in December, 1966, Brown said.

The student organization will seek to terminate its CIA finance lease for its headquarters building at 2115 S. st. nw., Brown added. If it cannot do so, it will move out, he declared.



& Co. of Houston, and Texas Foundries in Lufkin, Texas.

Beginning in 1958, the Anderson Foundation's tax returns showed receipts ranging from \$45,000 to \$170,000 a year from the Gotham Foundation, Borden Trust, the Price Fund, the Tower Fund, Williford-Telford Fund, and San Miguel Fund.

The total receipts from these sources between 1958 and 1964 were \$655,000, a sum that precisely matched the Anderson Foundation's grants to an organization called the American Fund for Free Jurists, Inc., in New York. The Fund is now called the American Council for the International Commission of Jurists.

Gotham, Borden, Beacon, Price and Tower have been identified publicly by the Patman subcommittee as CIA fronts and that identification has been confirmed by officials in the Johnson Administration who are in a position to know the facts. The San Miguel Fund and the Williford-Telford Fund are also believed on good authority to be "vehicles for the transport of CIA money."

#### Refuses to Talk

In Houston yesterday, Attorney Jaworski refused to discuss the financial affairs of the Anderson Foundation. Nor would he discuss the possibility of any links between the Foundation and CIA but said that his silence was not to be interpreted as either a confirmation or denial that the links exist.

He referred his questioner to his law partner, John H. Freeman. Freeman could not be reached.

The beneficiary of the Foundation's apparent CIA disbursements—formerly known as the American Fund for Free Jurists, Inc.—is located in New York at 730 Third ave. Its executive secretary, Ronald Levin, expressed shock at the question of CIA financing.

"I've only been here about a year," he said, "and I have absolutely no knowledge of CIA involvement."

Levin said he believed that his organization has received a grant in 1966 from the Anderson Foundation, which would have been in addition to the \$655,000 the Foundation had reported in the years through 1964.

#### Debevoise a Member

The main function of his or-

ganization, said Levin, is to raise funds for the International Commission of Jurists in Geneva. He described the Commission as a group of 31 eminent legal scholars and lawyers from 29 non-Communist countries. One of the Commission members is Debevoise, a partner in the prestigious New York firm, Debevoise, Plimpton, Lyons & Gates.

The Commission, according to Levin, publishes studies concerned with "the protection of individuals from arbitrary government." He said it has not been a philosophical partisan in the Cold War and has published critical studies of legal conditions in both Communist and non-Communist countries.

As for the financing of the American branch, Levin referred all questions to Debevoise, who was identified as the organization's board chairman.

Efforts to reach Debevoise failed.

#### Major Grants Made

The second Texas foundation with links to CIA conduits is the Hoblitzelle Foundation, named for the family of Karl Hoblitzelle, board chairman of the Republic National Bank, President of Texas Consolidated Theaters, Inc., and President of Interstate Circuit, Inc. It had assets of \$21.7 million in April, 1965.

Beginning in 1958, the Hoblitzelle Foundation began making major grants to the International Co-operative Development Fund about which nothing is known, and the

Congress for Cultural Freedom.

The funds for these grants, with one exception, were reported on the Foundation's tax returns from 1958 through 1963 as anonymous cash contributions. The one exception was a \$10,000 contribution in 1961 from the Price Fund, a known CIA front.

After 1963, the gifts were listed on the tax return as coming from such CIA fronts as the Borden, Tower, Beacon, Monroe, Price and Heights Funds.

Whether listed as "anonymous cash" or as gifts from CIA fronts, the Hoblitzelle contributions in each of the years precisely matched its income from those sources. For the full period — 1958 through April 1965—the Foundation's income from those sources was \$580,700.

Of the total, \$75,000 went to the International Co-operative Development Fund and \$505,700 to the Congress for Cultural Freedom, which has its headquarters in Paris.

#### Claims No Connection

The President of the Republic National Bank, James Aston, is a director of the Hoblitzelle Foundation. He said yesterday there is no connection between the Foundation and the CIA but he was unable to explain the flow of money from such fronts as the Tower Fund to such groups as the Congress in Paris. He did not know, he said, if the Foundation had passed on any grants for the U.S. Government and said no other officer of the Foundation would be

able to supply that information.

Efforts to reach Federal Judge Hughes were unsuccessful.

The Congress for Cultural Freedom, a major beneficiary of the Hoblitzelle Foundation, was founded in 1950 for the "defense of intellectual liberties against all encroachments on the creative and critical spirit of man." Many of the most distinguished artists and authors of the Western World are associated with the Congress and its activities.

#### Magazines Founded

Stephen Spender, the British poet, and Melvin J. Lasky, an American, edit Encounter magazine in London.

Encounter is one of several magazines founded with funds from the Congress.

Others are Preuves in France, Forum in Austria, and Hiwar in Beirut. Hiwar was banned from Egypt last year on grounds that it was subsidized by the CIA.

The General Secretary of the Congress is Nicolas Nabokov, the American composer. The chairman is Denis de Rougemont of Switzerland.

#### Others Used as Funnels

The foundation tax returns in the Patman files reveal other organizations that have been used over the years as funnels for CIA money.

One of them is the J. M. Kaplan Fund of 55 Fifth Avenue, New York. This fund, which has had difficulties with the Internal Revenue Service over its tax-exempt status, dispensed \$923,500 from 1961

through 1963 which was supplied by publicly-identified CIA fronts — the Gotham, Michigan, Andrew Hamilton, Borden, Price, Edsel, Beacon, and Kentfield Funds.

The sole beneficiary of the money was the Institute of International Research, Inc., which is located in New York. The Institute's stated purpose is to promote "democratic political, economic and social progress, primarily in Latin America." The Institute also sponsors training institutes and social and economic research.

Efforts last night to reach the Institute and its secretary-treasurer, Sacha Volman, were not successful.

#### Thomas on Board

The Socialist leader, Norman Thomas, was once active on the Institute's board of directors. Vorlan is said to have close to Juan Bosch, former President of the Dominican Republic and one of the Institute's most recent publications is a book dealing with the American intervention at Santo Domingo in 1965.

The book contains articles by such figures as Munoz Marin of Puerto Rico and Theodore Draper. It is highly critical of U.S. intervention in the country.

The Institute at one time had an affiliate in Mexico called the Institute for Documentation, which was headed by Victor Alba, later associated with the AFL-CIO's international affiliate, the American Institute for Free Labor Development.