

Trustee of Hobby Foundation Affirms C.I.A. Link

By E. W. KENWORTHY
Special to The New York Times

WASHINGTON, Feb. 20 — William J. Hobby Jr. said today that the Hobby Foundation of Houston, Tex., had been for many years a conduit for the transfer of funds from the Central Intelligence Agency to various organizations here and abroad.

"We have for a period of several years cooperated with them [the C.I.A.] on several projects," Mr. Hobby said, "and we are glad to have done it and proud to have been of service to the Federal Government."

Mr. Hobby, executive editor of The Houston Post, is a member of the board of trustees of the foundation. His mother, Mrs. Oveta Culp Hobby, is chairman of the foundation and also chairman of the board of trustees and publisher of The Post.

During World War II, Mrs. Hobby was director of the Women's Army Corps. Her late husband was a former governor of Texas.

Substantial Amounts

In an interview with The New York Times, Mr. Hobby said "substantial amounts of money were involved" in the transfers effected by the Hobby Foundation for the intelligence agency.

He declined to say specifically how the money had been transferred to the foundation before being passed on to designated organizations. But he said that the money had come from many of the foundations that had previously been mentioned as C.I.A. "fronts."

From this, it seemed clear that the Hobby Foundation played a part in what is known as a "pass-through" operation, in which money is channeled from the C.I.A. to a dummy foundation, then through a legitimate foundation such as the Hobby Foundation and from there to various organizations with overseas programs.

Mr. Hobby said the amount of money involved could be

learned from an examination of 990-A tax forms filed with the Internal Revenue Service.

Every tax-exempt foundation or organization is required to file a 990-A form. Unlike personal or corporate tax returns, these are open for public inspection.

Meanwhile, John W. Gardner, Secretary of Health, Education and Welfare, declared in a statement that "it was a mistake for the C.I.A. ever to entangle itself in covert activities close to the field of education or scholarship or the universities."

"I have been opposed to that for years. I am still opposed to it," Mr. Gardner said.

Last Wednesday, President Johnson directed Mr. Gardner, Nicholas DeB. Katzenbach, Under Secretary of State, and Richard Helms, director of the C.I.A., to review any Government activities that might endanger the integrity and independence of the educational community.

At that time, Mr. Katzenbach said the President had also directed these three officials to formulate a policy that would provide the necessary guidance for Government agencies in their relations with American educational organizations while at the same time assuring that these organizations played "a proper and vital role" in the world community.

Critics Get Criticism

While deploring the intelligence agency's covert activities in the educational field, Mr. Gardner said he had "little respect for critics who give themselves airs of moral superiority in attacking an activity they know to be necessary."

"I don't know any sensible person who believes that this nation can afford to be without a secret intelligence agency," he said.

Mr. Hobby said today that the Hobby Foundation passed on funds for the first time two or three years ago.

The 990-A form of the foun-

datation for 1963 shows that it received contributions of \$342,800 (as compared with \$56,687.50 for 1962) and made grants totalling \$776,712.92 (as compared with grants of \$103,291.61 for 1962).

In 1963 the foundation made grants to the following organizations involved in overseas activities or foreign studies:

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| American Friends of the Middle East | \$ 50,000.00 |
| Fund for International Social and Economic Education | 50,000.00 |
| Radio Free Europe | 250.00 |
| Committee of Correspondence, Inc. | 5,000.00 |
| Foreign Policy Assn. | 1,000.00 |
| Institute of Internal Education | 500.00 |
| Berliner Verein Zum Forderrung der Publizistik in der Eulwicklungen | 100,000.00 |

Neither in 1963 or later years, did the foundation include in its 990-A form for public record the sources of contributions received.

Instructions Cited

Asked today about this omission, Mr. Hobby said:

"If you read the instructions very carefully, you will find that you don't have to file in duplicate that part of the form on which contributions [to the foundation] are to be reported. And they very carefully were not filed in duplicate."

While he declined to name these contributors, he said they were the same foundations and funds that had been previously identified as C.I.A. fronts.

In the 1964 hearings of the Foundations Subcommittee of the Senate Select Committee on Small Business, of which Senator Wright Patman of Texas was chairman, the following were identified as involving "foreign relations of the C.I.A.": Gotham Foundation, Michigan Fund, the Price fund, the Edsel Fund, Andrew Hamilton Fund, Borien Trust, the Beacon Fund, and the Kentfield Fund.

The American Friends of the

Middle East, the Committee of Correspondence and the Fund for International Social and Economic Education have received funds that were channeled first through one or more of these "front" foundations and then through a legitimate foundation.

Radio Free Europe has been publicly identified as receiving C.I.A. support.

There has been no indication that the Foreign Policy Association, the Institute of International Education or the Berliner Verein have received C.I.A. funds.

Mr. Hobby declined to say which organizations had been designated by the intelligence agency to receive contributions.

In 1964, the 990-A form shows, the Hobby Foundation received contributions of \$324,000 and made contributions of \$349,237.

The American Friends of the Middle East received \$75,000; the Fund for International and Social Education, \$50,000; Radio Free Europe, \$40,000; Committee of Correspondence, \$5,000; Institute of International Education, \$500, and the Berliner Verein, \$100,000.

Grants Are Listed

In 1965, the Foreign Policy Association, the Institute of International Education, Project Hope and People-to-People each got \$500. The Committee of Correspondence received \$10,000; the Fund for International and Social Education, \$100,000; the American Friends of the Middle East, \$50,000, and the International Development Foundation \$50,000.

The last two organizations have received funds from other foundations after the money was channeled through "front" foundations.

Mr. Hobby said today that "the most recent transaction [for the C.I.A.] was not more than three months ago."

"We would help again any time they ask us," he added.