

# CIA Seen Duped in Scandal

## Hill Unit Cites Administration Contradictions

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The first congressional report on the Watergate scandal yesterday cited major contradictions in statements by President Nixon and his top aides in efforts to draw a national security cover over the affair.

In completing its 12-week investigation, the House Armed Services Subcommittee on Intelligence concluded that the Central Intelligence Agency had been duped by top White House officials seeking to stall an FBI investigation of the Watergate break-in.

The report, at one point, strongly suggested that President Nixon publicly misrepresented his purpose in phoning former FBI acting Director L. Patrick Gray III on July 6, 1972—a crucial day in the Watergate investigation.

The President's call came half an hour after Gray telephoned Mr. Nixon's campaign manager, Clark MacGregor, to express his concern over White House pressures to suspend FBI inquiries into the Watergate case's Mexican connection. At issue were funds processed through a Mexico City bank linking members of the Watergate break-in team to the Nixon re-election committee.

In the President's account of the phone call, delivered in a statement last May 22, Mr. Nixon said he telephoned Gray "to congratulate him on the successful handling of the hijacking of a Pacific-Southwest Airlines plane the previous day. During the conversation Mr. Gray discussed with me the progress of the Watergate investigation . . ."

But the subcommittee report cited testimony by former White House domestic

counsel John D. Ehrlichman that the President's call was prompted by "MacGregor's conveying a request from Gray to the President."

Ehrlichman acknowledged under questioning by subcommittee Chairman Lucien N. Nedzi (D-Mich.) that the President's public account of the conversation did not square with the version Mr. Nixon gave him.

The significance of the conversation is that it signaled the refusal of Gray and CIA Deputy Director Gen. Vernon A. Walters to go along any further with strong pressures by the President's then-counsel, John W. Dean III, to delay investigation of the Mexican fund connection.

These pressures originated, according to the testimony, with instructions from the President to his former chief of staff, H. R. (Bob) Haldeman, to get assurances that the FBI investigation of Watergate would not expose covert CIA operations or activities of the White House "plumbers."

Between June 22, 1972,

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and Gray's final declaration to the President in the July 6 conversation that "people on your staff are trying to mortally wound you by using the FBI and CIA," Haldeman, Ehrlichman and Dean interceded in efforts to stall the FBI investigation, according to the testimony in the case.

After Gray made clear to the President that neither he, on behalf of the FBI, nor Walters, on behalf of the CIA, could go along with the delay, Mr. Nixon said: "Pat, you continue to conduct your thorough and aggressive investigation." This was Gray's testimony.

The subcommittee noted that as early as June 22—the day the President expressed concern over possible FBI exposure of covert CIA activities—former CIA Director Richard M. Helms assured Gray there was no such danger. Helms reiterated his conclusion the following day at a White House meeting with Walters, Haldeman and Ehrlichman.

Yet Haldeman instructed Walters on June 23 to go to Gray immediately and tell him that the Watergate investigation might breach national security by exposing covert CIA activities. The effect of this and an ensuing series of contacts between Dean and Walters delayed for more than two weeks the FBI investigation of the most concrete tie-in at that

point in the case between the Watergate break-in and the Nixon re-election committee.

The subcommittee criticized Walters for failing to tell Gray on June 23 that the White House concern over exposing CIA operations by pursuing the Watergate trail was unfounded.

"It remains a good question why General Walters failed to assure Mr. Gray of the lack of CIA conflict in the Mexico matter immediately after it was so determined on June 23, 1972," the report observed.

Walters testified that he assumed Dean would pass the word to Gray "that there was absolutely no CIA problem."

The subcommittee thought differently. "To be charitable," the report concluded, "the best that can be said for that explanation is that it is rather strange."

"General Walters, by his own admission, was concerned that Dean was attempting to blame CIA for

Watergate, and, in that frame of reference, one could hardly expect Dean to be the vehicle for informing Mr. Gray that there was no CIA-Mexican connection."

The subcommittee bared a major conflict in the testimony of Gray and Walters. Walters said he told Gray on June 23 that he had been "directed" by top White House officials to warn Gray that the FBI investigation in Mexico would jeopardize covert CIA operations there; that in view of the first five Watergate arrests it would "be better to taper the matter off there."

Gray denied that Walters mentioned senior White House officials as the source of this concern.

"Mr. Gray was vehement in his statement that Walters did not mention 'senior people at the White House.' The important aspect of that testimony is that Mr. Gray said he thought Walters was speaking for the CIA," the subcommittee said.

In his testimony to the subcommittee, the former FBI director expressed his own sense of helpless puzzlement.

"With both Helms and Walters present (at the June 23 White House meeting), they acquiesce in this move to send Walters over to give me a message they both know to be false. At least Helms does, because I talked to him on 6-22-73 and he said no CIA involvement."

The subcommittee did not pursue the question of why Gray needed the assurance

of the No. 2 man in the CIA when, by his own testimony, he had already received it from the man in charge of the agency, Helms.

As a result of the weeks of executive session testimony by CIA officials, former White House aides and Watergate defendants, the subcommittee proposed three legislative recommendations intended to tighten loopholes in the CIA's statutory charter. They would:

- Require the President to approve any violations of the prohibition in the National Security Act against domestic operations by the CIA.

- Tighten phraseology in the act that might otherwise permit the agency to intrude into the domestic sector.

- Prohibit dealings between former CIA employees and the agency "beyond purely routine administrative matters."