

# Transcripts of Excerpts From the C.I.A.

Special to The New York Times

WASHINGTON, June 3—Following are excerpts from nine memorandums and a note of transmittal by Lieut. Gen. Vernon A. Walters, deputy director of the Central Intelligence Agency, and a memorandum by James R. Schlesinger, Director of Central Intelligence, that were supplied last month to a Senate Appropriations subcommittee in connection with its investigation of the Watergate case. The excerpts were transcribed by The New York Times from photocopies of the original documents. The first is a covering note apparently provided to the subcommittee prior to General Walters's testimony last month. The excerpts appear in chronological order.

## COVERING NOTE Dated May 18, 1973

The attached memoranda were never intended to be a full or verbatim account of the meetings they covered. These were notes to refresh my memory if I should need it. Originally, the only copy was held in my personal files.

Apparent inconsistency between my testimony that the President's name was not used by Haldeman in our June 23 conversation and a note that he had said that "It was the President's wish"—I wrote this note five days after the talk. When I showed it to Mr. [Richard] Helms, [Director of Central Intelligence at the time], he pointed out that Haldeman had not actually used the expression, "It was the President's wish." Obviously the thought was implicit in my mind. I did not, however, correct the memo since it was for my own use only. The fact that I agreed with Helms is shown by my saying to [L. Patrick] Gray [Acting Director of the F.B.I.] on 5 July that it was "implicit." And in several other talks, both with Gray and [John W.] Dean [President Nixon's counsel], showing clearly that I did not believe the President knew.

In my talk with Dean on 26 June, I said, "those who were not touched by the matter would be so" if I were to do what Dean wanted.

The fifth paragraph of my memo on my talk with him on 28 June covers this also.

My whole talk with Gray on 6 July also makes this view clear.

Paragraph 5 of my memo of July 28 conversation with Gray also reflects this view.

With regard to the reference to the Cubans in my notes on my talks with Dean on 28 June, he had expressed the view that there were three hypotheses on the bugging: 1) The Committee to Re-elect the President; 2) The C.I.A.; 3) Some other group. He never admitted any participation by the first group. I told Dean C.I.A. was not involved. He was casting about desperately for someone and pressed me for ideas. My remarks were intended only as a hypothetical assumption.

VERNON G. WALTERS

TIMES, MONDAY, JUNE 4, 1973

## Memorandums About the Watergate Case

### MEMO DATED JUNE 28, 1972

On June 23 at 1300 [1 P.M.] on request I called with director Helms on John Ehrlichman and Robert Haldeman at Ehrlichman's office at the White House. Haldeman said that the "bugging" affair at the Democratic National Committee headquarters at the Watergate apartments had made a lot of noise and that the Democrats are trying to maximize it.

The F.B.I. had been called in and was investigating the matter. The investigation was leading to a lot of important people and this could get worse. He asked what the connection with the agency was and the director repeated that there was none.

Haldeman said the whole affair was getting embarrassing and it was the President's wish that Walters call on Acting Director L. Patrick Gray and suggest to him that, since the five suspects had been arrested, this should be sufficient and that it was not advantageous to have the inquiry pushed, especially in Mexico, etc.

Director Helms said he had talked to Gray on the previous day and made plain to him that the agency was not behind this matter and that it was not connected with it. None of the suspects was working for it nor had worked for the agency in the last two years. He had told Gray that none of his investigators was touching any covert projects of the agency, current or ongoing.

Haldeman then stated that I could tell Gray that I had talked to the White House and suggested that the investigation not be pushed further. Gray [was] receptive as he was looking for guidance in the matter.

The director repeated that the agency was not connected with the matter. I then agreed to talk to Gray, as directed. Ehrlichman implied that I should do this soon and I said that I would try to do it today.

Upon leaving the White House, I discussed the matter briefly with the director. Upon returning to the office, I called Gray [and] indicated that this was a matter of some urgency, and he agreed to see me at 1430 [2:30 P.M.] that day.

VERNON G. WALTERS  
Lieutenant General,  
U.S.A.

### MEMO DATED JUNE 28, 1972

At 1430 on 23 June I called on the acting director

of the F.B.I., L. Patrick Gray, at his office in the F.B.I. building and saw him alone. I said that I had come to see him after talking to the "White House." I cited no names and he asked for none.

I added that I was aware of the director's conversation with him the previous day and while the further investigation of the Watergate affair had not touched any current or ongoing covert projects of the agency, its continuation might lead to some projects.

I recalled that the F.B.I. and the agency had an agreement in this respect and that the bureau had always scrupulously respected it. Gray said that he was aware of this and understood what it was conveying. His problem was how to low-key the matter now that it was launched.

He said that a lot of money was apparently involved and that it was a matter of a check on a Mexican bank for \$89,000. He asked if the name "Dahlberg" meant anything to me and I said it did not. But that was not really significant as I had only been with the agency for a few months.

Gray then said that this was a most awkward matter to come up during an election year and he would see what he could do. I repeated that if the investigations were pushed "south of the border" it could trespass on some of our covert projects and, in view of the fact that the five men involved were under arrest, it would be best to taper off the matter there.

He replied that he understood and would have to study the matter to see how it could best be done. He would have to talk to John Dean about it. Gray said he looked forward to cooperating closely with the agency.

After some pleasantries about J. Edgar Hoover and our past military careers, I left saying that my job had been an awkward one but he had been helpful and I was grateful.

VERNON G. WALTERS

### MEMO DATED JUNE 28, 1972

June 26 at about 10 A.M. I received a phone call from Mr. Dean at the White House. He said he wished to see me about the matter that John Ehrlichman and Bob Haldeman had discussed with me on the 23d of June. I could check this out with them if I wished.

I agreed to call on him at his office in Room 106 [of the] Executive Office Building at 1145 that morning. Immediately after hanging up, I called Ehrlichman to find out if this was all right and after some difficulty I reached him and he said I could talk freely to Dean.

At 1145 I called at Dean's office and saw him alone. He said that the investigation of the Watergate "bugging" case was extremely awkward and that there were a lot of leads to important people and that the F.B.I., which was investigating the matter, was working on three theories: 1) It was organized by the Republican National Committee; 2) It was organized by the C.I.A.; 3) It was organized by some other party.

I said that I had discussed this with Director Helms and I was quite sure that the agency was not in any way involved and I knew that the director wished to distance himself and the agency from the matter.

Dean then asked whether I was sure the agency was not involved. He believed that Barker had been involved in a clandestine entry into the Chilean Embassy. I said that I was sure none of the suspects had been on the payroll for the past two years.

Dean then said that some of the accused were getting scared and "wobbling." I said that even so, they could not implicate the agency. Dean then asked whether there was not some way that the agency could pay bail for them (they'd been unable to raise bail), added that it was not just bail, but that if these men went to prison could we [the CIA.] find some way to pay their salaries while they were serving out their convictions?

I said that I must be quite clear. I was a deputy director and as such had only authority specifically delegated to me by the director and was not in the chain of command but that the great strength of the agency and its value to the President of the United States lay in the fact that it was apolitical and had never gotten itself involved in political disputes. Despite the fact that I had only been with the agency a short time, I knew that the director felt strongly about this.

I then said that as big as the troubles might be with the Watergate affair, if the agency were to provide bail

and pay salaries, this would become known sooner or later in the current "leaking" atmosphere of Washington and that at that point, the scandal would be 10 times greater, as such action could only be done upon direction at "the highest level" and that those who were not touched by the matter now certainly would be so.

Dean seemed at first taken aback and then very much impressed by this argument and said that it was certainly a very great risk that would have to be weighed. I repeated that the present affair would be small potatoes compared to what would happen if we did what he wanted and it leaked. He nodded gravely.

I said that, in addition, the agency would be completely discredited with the public and the Congress and would lose all value to the President and the Administration. Again he nodded gravely.

He then asked if I could think of any way we could help. I said that I could not think of any but I would discuss the matter with the directors and would be in touch with him. However, I felt that I was fully cognizant of the director's feelings in the matter. He thanked me and I left.

VERNON G. WALTERS

#### MEMO DATED JUNE 29, 1972

On 28 June, at 1130, John Dean asked me to see him at his office in the Executive Office Building. I found him alone.

He said that the director's meeting with L. Patrick Gray, F.B.I. director, was canceled and that John Ehrlichman had suggested that Gray deal with me instead.

The problem was how to stop the F.B.I. investigation beyond the five suspects. Leads led to two other people—Ken Dahlberg, and a Mexican named Guenard. Dean said that the \$89,000 was only related to the bugging case and that Dahlberg was refusing to answer questions. Dean then asked hopefully whether I could do anything or had any suggestions.

I repeated that as the deputy director, I had no independent authority. I was not in the chain of command and had no authority other than that given me by the director. The idea that I act independently had no basis in fact.

Dean then asked what might be done and I said that I realized he had a tough problem, but if there were agency involvement, it could only be at Presidential directive and that the political risks that were concomitant appeared to me to be unacceptable.

At present it was a high-explosive bomb but intervention such as he suggested could transform it into a megaton hydrogen bomb. The present caper was awkward and unpleasant. Direct intervention by the agency would be electorally mortal if it became known and the chances of keeping it secret to the election were almost nil.

I noted that scandals had a short life in Washington and that other newer, spicier ones soon replaced them. I urged him to not become unduly agitated by this one.

He then asked if I had any ideas and I said that this affair already had a strong Cuban flavor and that everyone knew that the Cubans were conspiratorial and anxious to know what the policies of both parties would be toward Castro. They, therefore, had a plausible motive for attempting this amateurish job which any skilled technician would deplore. This might be costly but it would be plausible.

Dean said he agreed that this was the best tack to take, but it might cost a half million dollars. He also agreed (for the second time) that the risks of agency involvement were unacceptable.

After a moment's thought, he said that he felt that Gray's cancellation of the appointment with Director Helms might well be reversed

within the next few hours. Dean thanked me and I left.

VERNON G. WALTERS

#### MEMO DATED JULY 5, 1972

#### MEMO FOR THE RECORD

On July 5, '72 at 5:50 P.M., I received a phone call from the acting director of the F.B.I., L. Patrick Gray. He said that the pressures on him to continue the investigation were great. Unless he had documents from me to the effect that their (F.B.I.) investigation was endangering national security, he would have to go ahead with the investigation of Dahlberg and \*Daguerre. He had talked to John Dean. I said I could not give him an immediate answer but would give him one by 10:00 on 6 July. He said that would be agreeable.

VERNON G. WALTERS

#### MEMO DATED JULY 6, 1972

At 10:05 on 6 July I saw acting director L. Patrick Gray at his office. We were alone during our conversation. I handed him the memorandum which is attached and said that it covered the entire relationship between the Watergate suspects and the agency.

In all honesty I could not tell him to cease future in-

vestigations on the grounds that it would compromise the security interests of the United States. Even less so could I write him a letter to this effect. He said that he fully understood this. He himself had told Ehrlichman and Haldeman that he could not possibly suppress the investigation of this matter.

Even within the F.B.I. there were leaks. He had called in the components of his field office in Washington and chewed them out on this case because information had leaked to the press concerning the Watergate case which only they had.

I said that the only basis on which he and I could deal was absolute frankness and I wished to recount my involvement in this case. I said that I had been called to the White House with Director Helms and had seen two senior staff assistants (I specifically did not name Haldeman and Ehrlichman).

I said that we had been told that if this case were investigated further, it would lead to some awkward places, and I had been directed (the implication being that the President directed this although it was not specifically said) to go to acting director Gray and tell him that if this investigation were pursued further, it could uncover some ongoing covert operations of the agency. I had done this.

Subsequently, I had seen Mr. Dean, the White House counsel, and told him that whatever the current and present implications of the Watergate case were, that to implicate the agency would not serve the President but would enormously increase the risks to the President.

I had a long association with the President and was

as desirous as anyone of protecting him. I did not believe that a letter from the agency asking he F.B.I. to lay off this investigation on spurious grounds that it would uncover covert operations would serve the President.

Such a letter in the current atmosphere in Washington would become known prior to election. What was now a minor wound would become a mortal wound. I said quite frankly that I wouldn't write such a letter.

Gray thanked me for my frankness and said that this opened the way for fruitful cooperation between us. He would be frank with me, too. He could not suppress this investigation with the F.B.I. He had told Kleindienst this. He told Ehrlichman and Haldeman that he would prefer to resign, but his resignation would raise many questions that would be detrimental to the President's interest.

He did not see why he or I should jeopardize the integrity of our organizations to protect some mid-level White House figures who had acted imprudently. He was prepared to let this go to Ehrlichman, to Haldeman, or to Mitchell, for that matter. He felt it important that the President should be protected from his would-be protectors. He had explained this to Dean as well as to Ehrlichman and to Haldeman.

He said he was anxious not to talk to Mitchell because he was afraid that at his confirmation hearings he would be asked whether he had talked to Mitchell about the Watergate case and he wished to be in a position to reply negatively. He said that he would like to talk to the President about it but he feared that a request from him to see the President would be misinterpreted by the media.

I said that if I were directed to write a letter to him saying that the future investigation of this case would jeopardize the security of the United States and covert operations of the agency, I would ask to see the President and explain to him the disservice I thought this would do to his interest.

The potential danger to the President of such a course far outweighed any protective aspects it might have for any other figures in the White House and I was quite prepared to resign myself on this issue. Gray said he understood this fully and hoped I would stick to my guns. I assured him I would.

Gray then said though this was an awkward position, our mutual frankness had created the basis for a new and happy relationship between the two agencies. I said the memorandum I had given him described in detail the exact measure of agency involvement and noninvolvement in this case, including information on Dahlberg and Daguerra. He thanked me again for my frankness and confidence and repeated that he did not believe that he could sit on this matter and that the facts would come out eventually. He walked me to the door.

VERNON G. WALTERS

## MEMO DATED JULY 13, 1972

On 12 July at 14150 I called on acting director L. Patrick Gray at his office and saw him alone.

I told him that shortly after I had seen him the last time and given him the memorandum concerning former C.I.A. association of the suspects in the Watergate

case, I had since discovered one additional item concerning Howart Hunt. I gave him that memorandum concerning the assistance given to Hunt, which terminated in August, 1971, when his demands escalated to an inappropriate level. We had assisted him following a request from the White House and it was our understanding that it was for the purpose of tracking down security leaks in the Government.

He thanked me and said that this case could not be snuffed out and it would lead quite high politically. Dahlberg was in the clear. He had gotten the check from Maurice Stans and deposited it in the Mexican bank. It was undoubtedly political money.

7 JUL 72  
Last Friday, the President called [Gray] to congratulate him on the F.B.I. action which had frustrated the aircraft hijacking in San Francisco. The President asked him if he had talked to me about the case. Gray replied that he had.

The President then asked him what his recommendation was on the matter. Gray had replied that the case could not be covered up and would lead quite high and he felt that the President should get rid of the people that were involved. Any attempt to involve the F.B.I. or the C.I.A. in this case would only prove a mortal wound (he used my words) and would achieve nothing.

The President then said, "Then I should get rid of whoever is involved no matter how high?" Gray replied that was his recommendation.

The President then asked what I thought and Gray said my views were the same as his. The President took it well and thanked Gray. Later that day, Gray had talked to Dean and repeated the conversation to him. Dean had said, "O.K."

Gray had heard no more on the subject. He asked whether the President had spoken to me and I said he had on another matter but had not brought up this matter with me.

Gray then said that the U. S. Attorney had subpoenaed the financial records of the Committee to Re-elect the President. It had been suggested to him that he stop this. He had replied that he could not. Whoever wanted this done should talk to the Attorney General and see if there was any legal way to do this. He could not.

He said that he had told the President in 1968 that he should beware of his subordinates who try to wear his Commander in Chief stripes. I agreed, saying that in my view the President should be protected from the self-appointed protectors who would harm him while trying to cover their own mistakes.

Gray said that our views coincided on this matter. He would resign on this issue if necessary and I said that in maintaining the integrity of our agencies we were rendering the President the best possible service. I too, was quite prepared to resign on this issue.

He thanked me for my frankness and said that we had established a warm, personal, frank relationship at outset of our tenure in our respective jobs.

VERNON G. WALTERS

## MEMO DATED JULY 28, 1972

[1]

On Friday, July 28, 1972, at 11 A.M. I called on the acting director of the F.B.I., L. Patrick Gray, at his office in the F.B.I. building. He saw me alone. I said I had come to clarify the last memorandum I had given him in reply to inquiries from Mr. Pirham "Cleo."

[2]

I said that "Cleo" was Mr. Cleo [blank], an electronics engineer who was in contact with Mr. Hunt during August of 1971. Mr. [blank] supplied a recorder pursuant to Mr. Hunt's request and had assisted him to get it in shape for use in overt, not clandestine, recordings of meetings with agents. There was no attempt to make the recorder useful for clandestine activities.

Mr. [blank] had two additional meetings, generated by a phone call to the above number (a sterile telephone in one of our offices), to straighten out some difficulties that had arisen with respect to the microphones. We never recovered the recorder.

Aside from the above contact with respect to the recorder, there were contacts with Mr. Hunt with respect to false documents and disguises for himself and an associate. He was also loaned a clandestine camera, which he returned. We developed one roll of film for Mr. Hunt, of which we have copies showing some unidentified place, possibly the Rand Corporation. We had no contact whatsoever with Mr. Hunt subsequent to 31 August 1971.

He thanked me for this information. I added that when Hunt's requested had escalated, we terminated our assistance to him and had no further contact with him subsequent to 31 August 1971.

1 He was grateful for this information.

Gray asked me if the President had called me on this matter and I replied that he had not. Gray then said a lot of pressure had been brought on him on this matter but he had not yielded.

I told him that we intended to terminate the 965-9598 number [the C.I.A.'s sterile phone] and he nodded. Then he said, "This is a hell of a think to happen to us at the outset of our tenure with our respective offices." I agreed heartily.

[7]

He thanked me for coming to see him and for maintaining such a frank and forward relationship with him. I left him a short, unsigned memo embodying what I had told him.

Vernon A. Walters

#### SCHLESINGER LETTER

Dated Feb. 9, 1973

Subject: Telephone Call From John Dean.

This evening at 6:10 I received a telephone call from John Dean at the White House. Dean indicated that he wanted to discuss two topics.

First, he [referred] to a packet of material that had been sent to the Department of Justice in connection with the Watergate investigation. He suggested that Justice be required to return this package to the agency [the C.I.A.].

The only item that would be left at Justice would be a card in the files indicating that a package had been returned to the agency, since the material in the package was no longer needed for the purposes of the investigation. He indicated that the agency had originally provided these

materials to the Department of Justice at the request of the [Assistant] Attorney General, Mr. [Henry E.] Petersen.

The second subject that he raised was the pending investigation by the Senate on the I.T.T. affair in relation to the Chilean problem. He felt that this investigation could be rather explosive. He also indicated that there might be some sensitive cables at the agency that might be requested by the Senate investigators.

I indicated to him that while I had not seen any cables, I had been briefed on the subject, and that the role of the Government appeared to be clean. He expressed his delight at hearing this assessment. I indicated that I would look into the cables for that period.

In this connection, he mentioned that there is a hot story being passed about in the press, primarily instigated by Seymour Hersh of The New York Times. The story suggests that [Frank] Sturges, who sometimes went by the code name Federini, was the individual responsible for the burglarizing of the Chilean Embassy in Washington.

He also indicated that he expected Senator [J.W.] Fulbright to request the Justice Department to produce Sturges for the Senate hearings.

I indicated that I would look further into the matter. He then made some rather jovial remarks about not always being the bearer of bad tidings, and I inquired what the good news might be. Further references were made to a pending appointment at the A.E.C.

Shortly thereafter, I discussed those matters with Bill Colby [then a high-rank-

ing C.I.A. official], who indicated that Sturges had not been on the payroll for a number of years and that whatever the allegations about the Chilean Embassy, the agency had no connection at all.

We also agreed that he would discuss the question of the package relative to the Watergate investigation with General Walters and a discussion would be made with regard to the appropriate action.

J. R. S.  
cc: General Walters  
(James R. Schlesinger)

MEMO DATED  
MAY 11, 1973

MEMORANDUM OF  
CONVERSATION OF  
FEB. 21, 1973

At the request of the director, Dr. Schlesinger, I called on Mr. John Dean in his office at the White House at 4:30.

I explained to him that, in connection with his request that the agency ask the Department of Justice to return a package of material that had been sent to them in connection with the Watergate investigation, it was quite impossible for us to request the return of this, as this would simply mean that a note would be left in the Department of Justice files that the material had been sent back to the agency, and we had been asked not to destroy any material in any way related to the case.

I again told him that there was no agency involvement in this case, and that any attempt to involve the agency could only be harmful to the United States. He seemed disappointed. I then left.

VERNON A. WALTERS