

C.I.A.-I.T.T. CONSPIRACY CHARGED AT HEARING

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Grand Jury Is Told They Fabricated

Statements to Senate on Chile

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By SEYMOUR M. HERSH

A Federal grand jury is hearing allegations that high officials of the Central Intelligence Agency and the International Telephone and Telegraph Corporation were involved in a conspiracy to fabricate and coordinate the statements they made to a 1973 Senate inquiry into I.T.T.'s role in Chile, Justice Department sources said yesterday.

The sources, who have first-hand knowledge of the investigation, said that the grand jury was concentrating on the activities of Richard Helms, the former Director of Central Intelligence who recently resigned as Ambassador to Iran, and two I.T.T. officials, Harold S. Geneen, the corporation's president, and John A. McCone, a member of its board of directors who also served as C.I.A. chief, from 1961 to 1965.

Mr. Helms was depicted by one high level source as the current "primary target" of the jury, which is meeting in Washington and is not expected to complete its investigation before the Carter administration assumes office next month. A grand jury investigation is preliminary to any indictment and does not necessarily result in one.

Mr. Helms could not be reached yesterday. His attorney, Edward Bennett Williams of Washington, said he would have no comment.

At the offices of Mr. Geneen and Mr. McCone, both were said to be out of the country.

An employee in Mr. McCone's Los Angeles business office acknowledged, however, that the former C.I.A. chief had testified last month before the grand jury in connection with his Senate testimony.

Edward T. Gerrity, a senior I.T.T. vice president for corporate relations, said that the concern had agreed with the Government prosecutors in the case "not to say anything if they won't say anything."

Officials said that the renewed Justice Department investigation has received specific statements and allegations about

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meetings at which participants from I.T.T. and the C.I.A. allegedly discussed and agreed upon testimony to be presented to the multinational corporations subcommittee of the Senate Foreign Relations Committee.

Exchanges Denied

That subcommittee, chaired by Senator Frank Church, Democrat of Idaho, held public hearings in March and April at which officials from the C.I.A. and from I.T.T. repeatedly testified that there had been no exchanges of intelligence information or other covert contacts between the two about Chile.

Asked whether such testimony had been prearranged, one key Government official said: "We have statements about it, but there's a lot to be corroborated."

"I think it's there," he said of the Government's pending conspiracy case.

In related testimony, Justice Department officials said, Mr. Geneen repeatedly told the Senate committee that I.T.T. had not made any direct contributions to any politician or political party before Chile's 1970 presidential elections.

Contribution Indicated

The Senate Intelligence Committee reported late last year that it had learned that I.T.T., after receiving direct advice from the C.I.A. on how to proceed, forwarded \$350,000 in cash to a leading conservative candidate before the election. The Intelligence Committee has turned over its records to the Justice Department, sources said.

Mr. Geneen subsequently told a stock holder's meeting in May that \$350,000 "may have been sent to Chile" in 1970. He added that what he termed "this later

information" was not consistent "with my previous knowledge."

Mr. McCone, asked a general question about corporate political contributions during his testimony, declared: "I think multinational corporations, operating throughout the world, must be very very careful not to involve themselves in the local politics of the host country, and that is the policy of I.T.T."

At the time of the multinational corporations subcommittee hearings in 1973, it was not publicly known that the C.I.A. had initiated a major secret operation of its own against the government of Chilean President, Salvador Allende Gossens, spending more than \$8 million to prep up Mr. Allende's opponents. Mr. Allende, a Marxist, whose election in 1970 was bitterly opposed by the United States Government and American corporations, died during a coup d'état in September 1973.

Mr. Helms, who will leave his ambassadorial post at the end of the year, has been under intensive Justice Department investigation for two years because of his previous Senate testimony denying that the C.I.A. had conducted domestic intelligence and also denying that the agency had financially supported the opponents of Mr. Allende.

Prosecution in those inquiries was not sought, in part because Mr. Helms sought to "correct" some of his earlier testimony, thus blurring the record, Justice Department officials said at the time.

The revitalized grand jury investigation was spurred, all sources agreed, by the decision of Harold V. Hendrix, former Miami newspaperman and I.T.T. political operative, to cooperate with Government prosecutors in return for being permitted to plead guilty to a misdemeanor charge

stemming from his admittedly false testimony before the 1973 Senate hearing.

Mr. Hendrix, of Coral Gables, Fla., reportedly told Justice Department investigators that he had lied about the extent of his and I.T.T.'s involvement with the C.I.A. during the hearings.

He pleaded guilty Nov. 5 to the misdemeanor charge of "withholding information" from Congress and was sentenced on Nov. 30 by a Federal court judge in Miami to a fine of \$100 and three months of nonreporting probation.

Request for More Details

Some details of the scope of the Government's investigation inadvertently became known during Mr. Hendrix's hearing on sentencing because United States District Court Judge James L. King, who heard the case, insisted that the Government prosecutors "go into more details," as one court source said, before he permitted the plea-bargaining arrangement to stand.

A transcript of that proceeding, made available to The New York Times, disclosed that Justice Department officials had been interrogating past and present C.I.A. officials in recent months as well as collecting hundreds of cablegrams and reports dealing with the agency and I.T.T.

"In the spring of 1972," one Government lawyer told Judge King, according to the transcript, after it was known that the Foreign Relations Committee was going to investigate I.T.T.'s activities in Chile, "Mr. Hendrix became concerned that his contacts in the C.I.A. and in South America would surface."

"He contacted the agency about these concerns," the Government prosecutor related, "and held many conversations

with agency employees up until the time of the subcommittee hearings in March and April of 1973." The Justice Department obtained copies of subsequent C.I.A. reports of those conversations, the court was told, that indicate Mr. Hendrix's intention was "to withhold from the committee the fact that he had been in contact with the C.I.A."

The hearing further showed that Mr. Hendrix, who won a Pulitzer Prize in 1963 for his reporting on the Soviet missile buildup in Cuba, had "on many occasions" both been given information by the C.I.A. and provided the agency with material he had obtained. He continued to do so, the transcript said, after leaving The Miami News and joining I.T.T. in 1967.

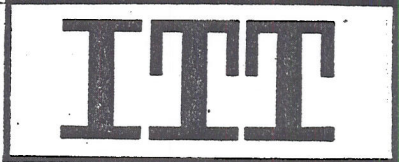
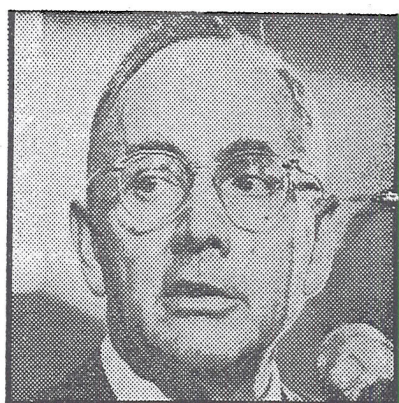
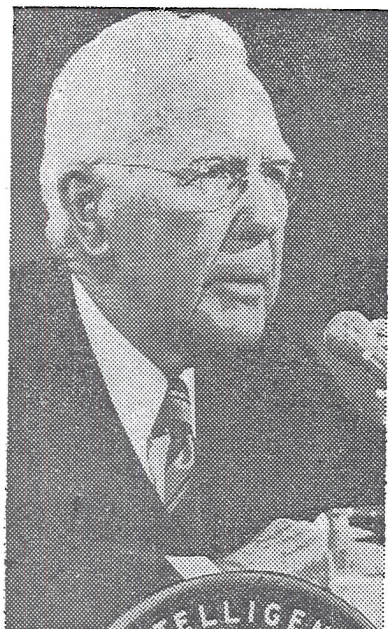
Asked about the Hendrix hearings, Justice Department officials acknowledged that dozens of C.I.A. agents had been interrogated in recent months and hundreds of hours had been spent studying C.I.A. cablegrams and documents dealing with Chile.

Along with testimony from Mr. McCone and Mr. Hendrix, the grand jury is known to have heard testimony in recent weeks from David A. Phillips, another former high-level C.I.A. official who headed a specially assembled Chile task force in the agency in the early 1970's.

A Justice Department official cautioned that "I wouldn't want to get overly encouraged about this."

"The case has generally moved in a very professional way and we think there is a provable violation," he said. "On the other hand, there are a lot of hairy considerations in this. Demonstrating a violation to the grand jury and getting a courtroom conviction, he said, are different matters."

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Associated Press, United Press International, The New York Times
Principal figures in the Federal investigation are Harold S. Geneen, top right, president of International Telephone and Telegraph, and former C.I.A. directors John A. McCone, top left, and Richard Helms.