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OGC 65-0009

9 FEB 1975

MEMORANDUM FOR THE RECORD

SUBJECT: HEINE v. RAUS - Slander Suit, Federal District Court, Baltimore

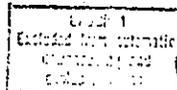
1. Juri RAUS is an unpaid agent of SR engaged in the Estonian liberation movements. He is being sued by one Erik HEINE for slander. RAUS has declared in the presence of various Estonian groups that HEINE is a communist and a KGB agent. Mr. RAUS was informed of HEINE's possible Soviet connections by a member of this Agency. There is a difference of opinion between RAUS and the Agency as to whether RAUS was also instructed to republish this information. It is SR's opinion that the minimum we owe RAUS is to provide him with legal assistance through a cleared attorney and to pay all costs occasioned by the suit. SR has not reached the decision as to whether they will pay any judgment or settlement resulting therefrom.

2. On 31 December 1964, meetings were held with the DD/P and ADD/P in an effort to arrive at an Agency position with respect to the subject as above.

3. In the meeting with ADD/P, it was explained that RAUS had little or no chance of success so long as his association with the U. S. Government remained classified. It was concluded that we should seek to encourage a settlement of the case by such means as notifying U. S. tax authorities of HEINE's possible liabilities, using discovery techniques to expose HEINE's excesses, and employing other tactics to wear down his ability and desire to prosecute. In the event that CIA forced RAUS to settle the case, with or without a public apology to HEINE, we would have to bear the fiscal burden of the damages.

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4. The DD/P decided that CIA should not interfere in this suit at all. If RAUS wanted to allege that he was a CIA agent, or received information from the CIA, we should not stop him. If discovery techniques were directed against the Agency, we would resist them on legal principles. Mr. Helms was informed that the worst that could happen to us was publicity indicating that CIA was executing political maneuvers in the U.S. and refused to stand by its agent when he followed orders in perpetrating this slander. It is also possible that the Director will be subpoenaed for testimony by [redacted]

5. In light of the DD/P position, it will be necessary to consider protective measures to conceal CIA dealings with RAUS. RAUS's attorneys are aware that he does not know the true name of his case officer, nor do they. In order to defend this case, it may be one of our cleared attorneys who seeks discovery against CIA. In such case, we shall have advance warning concerning the nature of the attempt. At present, legal authorities are being checked for possible grounds of refusal.

6. It has not been decided whether CIA shall pay the damages from this suit. RAUS's ability to recover indemnification in the Court of Claims is doubtful but not impossible.

IS/ [redacted]
[redacted]
Office of General Counsel

cc: Assistant to the Director
for Public Affairs

ADD/P
Chief/SR
SR/CI
SR/O/AC

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