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CGC 65-1625

3 June 1965

MEMORANDUM FOR THE RECORD

SUBJECT: Heine v. Raus -- Libel Suit

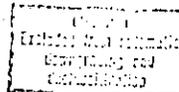
1. On 13 May 1965, Messrs [] and [] of SR Division and I met with Mr. Houston to discuss status and costs involved in the Raus defense of the libel action initiated by Heine.

2. It was pointed out that to date \$4,800 had been expended (\$2,000 for Heine's deposition, and \$2,800 for the private investigator retained by Messrs [] and [] that at the 11 May meeting [] and [] had proposed we approve \$2,500 for other investigations to be made in the New York City and Toronto areas; and that they had advised that their bill for legal services to date was \$10,900. It was recalled that while the DDP had approved the Agency subsidizing Raus' defense, the matter of its responsibility for \$110,000 judgment, if Heine recovers in full, had never been specifically determined.

3. After discussing the nature of the Agency's associations with Raus and its resulting involvement in his lawsuit, it was the consensus that with counsel of the abilities of [] and [] it was the Agency's best interest to proceed. SR was of the view, if in counsel's judgment a negotiated settlement could be made prior to trial, this would be entirely acceptable.

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4. Lawrence R. Houston volunteered to brief the DDCI on the proceedings to date, the present and potential costs, with particular emphasis to be made of the \$110,000 potential liability. SR in turn indicated its intention to allot \$20,000 for current expenses. It was further agreed that a decision regarding the \$2,500 investigation should await the outcome of the briefing of the DDCI; and that [] should attempt to learn from Justice (Mr. Eardley) the specifics of how its intervention could be arranged.

1/s []
Assistant General Counsel

cc: C/SR/O/AC

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