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9 December 1963

MEMORANDUM FOR: Deputy Chief, Special Operations Division,
DD/P

SUBJECT: Ambassador Willauer's Personal Papers

1. I have gone over [redacted] memoranda on his review, at Mrs. Willauer's request, of the Ambassador's papers. Incidentally, I would like to express my appreciation for the job [redacted] did as I feel he may be the only person still available who could read these papers with proper understanding from our point of view. I have also talked with [redacted] about certain points to make clear in my own mind the importance of some of the matters mentioned in the papers.

2. There is only one item which gives me any concern, which is the letter mentioned by [redacted] in paragraph 5e of his 27 November memorandum. It is a letter of 4 February 1955 from Chennault to Willauer and refers to action by Cabell. It would be quite a coincidence if someone who read these papers had the background knowledge to understand what this meant, but I think it would be prudent if possible to avoid even this remote occurrence. Therefore, if Mrs. Willauer would surrender this letter I think we need not be concerned about the rest of the material from a security point of view. Aside from the security, the 4 February letter contains information which should be handled with the greatest discretion and perhaps at this time in the interest of all concerned it should be destroyed.

s/ Lawrence R. Houston

LAWRENCE R. HOUSTON
General Counsel

APPROVED
FOR
RELEASE
DATE
27-Mar-2009

OGC:LRH:jeb
OGC subject [redacted] C. R. Security 3
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downgrading and
declassification

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

SOD/SS

EXTENSION

NO.

DATE 5 Dec 63

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Larry Houston
E/OGC
7D01

Larry:

Per our conversation of several weeks ago, attached are two memos prepared by as a result of his visit with Louise Willauer. As you will note in memo and also note to me that they would like you to review with some possible recommendations or suggestions. Upon completion of your review, I will be happy to discuss this with you if you feel it necessary or possibly a memo outlining your recommendations will suffice. Thank You

Chief, Support Staff
Special Operations Division

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Jim

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

EXTENSION

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TO: (Officer designation, room number, and building)

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1. Deputy Chief,
SOD

AB

2.

- pls show Mr Houston & determine what to recommend; also

HR70

3.

FE re

4.

5.

6.

7.

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4. At this point, Mrs. Willauer turned over to me a huge mass of documents of all sizes, shapes, and descriptions. I read until almost 0200, occasionally discussing certain documents with Mrs. Willauer. I returned the next morning, and although Mrs. Willauer had to depart for the weekend in mid-afternoon, she made arrangements for me to have access to the papers for the remainder of the day and on Saturday. I returned to Washington on Sunday.

5. I would summarize my findings on the papers as follows:

a. The papers indicate that as far as their retention by Mr. Willauer is concerned, he had been surprisingly discreet, more than I had expected.

b. I found no references to Agency activities in connection with [] or to the Cuban activities. As Mrs. Willauer noted, the Ambassador had complete access to State and Agency commo channels on these matters, and did not keep personal files.

c. There were a few papers signed by [] as an overt employee, and concerned solely with overt airline matters. They need be pulled out only if it is still important to keep [] employment by the airline from 1949 to approximately 1952 as hidden as possible. (I recall that when [] was first considered for assignment to [] the appointment was considerably delayed due to uneasiness on the part of the Department of State over his earlier airline experience. It may be that this was surfaced to the [] Government and later to the [] Government, and it therefore no longer requires concealment.)

d. Many of the papers, particularly those which concern themselves with the change of ownership, refer to the "Bankers", "Al's people", etc. However, this was in consonance with the cover story generally used at the time, i.e. a wealthy group of investors were putting up the monies to finance the airline, and taking over ownership.

e. There is a letter from General Chennault to Ambassador Willauer, dated 4 February 1955, in which one sentence reads as follows:

"In my opinion the whole thing was managed by [redacted] and approved by Cabell."

The next sentence makes a reference to "Allen". The tenor of the paragraph deals with my relief, and the strong suspicions held by the old management as to [redacted] relationships with [redacted]

f. There are of course references to [redacted] in much of the correspondence because of his overt position with the airline.

6. I was more than aware while I was in the Far East that there was a considerable amount of correspondence between the old management - General Chennault, Ambassador Willauer, and [redacted] - and Mr. Corcoran's office in Washington. They employed a private code system for telegraphic exchanges, and a system of pseudonyms, cryptonyms, and initials for ordinary mail and for safehand letters. These codes were changed frequently. I could find almost none of this correspondence among Whitey's papers. [redacted] kept the codes and it may be that copies, if any, still exist, are in Mr. [redacted] office. I was particularly looking for this type of document as being the most likely source of indiscretions.

I am attaching herewith the only copy of such a document that I found. Without the true identities, and without an intimate knowledge of the people involved, it would be difficult to make real sense out of it. After a bit of study, I conclude the following:

a. It is from Tom Corcoran to General Chennault in Taipei, probably written in late 1954

b. The "Writer" referred to is [redacted]

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- c. "A" is Mr. Dulles.
- d. "L" is Larry Houston.
- e.
- f. The two holders of the first refusal are Whitey and in Hong Kong.)
- g. "Ann's Husband" is
- h. "Bearer" on a guess, is Saul Marias, but could be Rousselot, Rosbert, or even Grundy.
- i. The "Latest casualty" could be me, depending on the date of the letter.

I have not been able to locate Enclosures 1 and 2 which are mentioned as attached.

I would suggest that you quietly show the attached to Mr. Houston. He may have an entirely different interpretation. I feel honor bound to return the attached to Mrs. Willauer. I am sure that she will withdraw it from the collection if you so desire.

7. I plan to spend Thanksgiving with my brother's family, and have arranged to have lunch with Mrs. Willauer on Friday. At that time I will finish going through a series of diaries which I did not find time to finish last week. (I'll have to admit that from Friday afternoon on, I had one eye on the TV set. It was interesting to observe the public reaction in and around NYC.) I will return on Sunday evening, and consult with you next week with regard to any action to be taken on the documents I have noted above.

1 Attachment

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