

# Former Intelligence Aides Profiting From Old Ties

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WASHINGTON, Dec. 5 — Many former American intelligence agents have entered into profitable business arrangements based on the extraordinary secret access to foreign officials and to sensitive information they gained in Government service.

One former agent, for example, now represents an American company in an African country whose president he helped install in a covert operation backed by the Central Intelligence Agency. Another obtained a \$300,000 consulting contract because of his close relationship with the king of an Arab country that stemmed from confidential Government negotiations involving the two.

These and other examples were turned up through a review of records and interviews with dozens of officials and businessmen here and abroad.

Some American diplomats say the former agents can be a hindrance to American foreign policy, and businessmen who compete with the former agents say they have an unfair advantage.

The activities of the former agents have been placed in the spotlight by disclosures that Edwin P. Wilson and Frank E. Terpil used their intelligence connections in elaborate and, in some cases, illegal foreign business deals. They have been indicted for illegally shipping explosives to Libya for use in training terrorists. Both men are fugitives living abroad.

## Different Kind of Revolving Door

Intelligence officials and Government prosecutors say they know of no other former agents who have committed such offenses. But for the first time, the C.I.A. is addressing questions about conflict of interest and revolving-door employment in the intelligence business, issues usually associated with officials who trade on their experience in the military or Government regulatory agencies.

The revolving door for covert intelligence agents is different from the one used by generals and lawyers, many officials say, because the former agents have had unusual and sometimes clandestine relationships with foreign leaders and access to sensitive intelligence information. Intelligence agents over the years have occasionally paid off foreign officials as a matter of course and have violated foreign laws. Some appear or pretend to have continuing con-

nections with American intelligence agencies after they leave the Government.

Among the former agents who have used their foreign contacts and expertise for business purposes after leaving the Government are these:

Lawrence Raymond Devlin, the former C.I.A. station chief in Zaire. He covertly helped support President Mobutu Sese Seko's rise to power and then went to work in Zaire as the representative of an American metals company.

Raymond H. Close, the former C.I.A. station chief in Saudi Arabia. After offi-

*Previous articles have reported on Edwin P. Wilson's recruitment of pilots and mechanics from the United States and Britain to fly and maintain planes for the Libyan Air Force, his attempt to sell restricted American computer technology to the Soviet Union, his amassing of a multimillion-dollar business empire, his use of Army Special Forces troops to train terrorists in Libya, evidence that investigators say links him to the attempted murder of a Libyan student in Colorado and charges that a company he controlled bribed a Federal official. The House Select Committee on Intelligence and the Justice Department are investigating.*

cial retirement in 1977, he went to work there, and his numerous business interests include partnerships with former Saudi officials.

George C. Benson, the key defense intelligence attaché in Indonesia for nine years and the American with the closest ties to the Indonesian generals who took power in a 1965 coup. He is the Washington representative for Indonesia's state-owned oil company.

Vernon A. Walters, the former Deputy Director of Central Intelligence, now the Reagan Administration's ambassador at large. He earned \$300,000 for consulting on a potential arms sale to Morocco before joining the Administration.

Former and current State Department officials who said they were troubled by the foreign-policy implications of retired intelligence agents' continuing to do business in foreign countries frequently cited Mr. Devlin as an example.

For much of the 1960's, Mr. Devlin was an official of the Central Intelligence Agency, including service as station chief in the Congo, which later became Zaire. The Senate Intelligence Committee, in 1975, reported an aborted 1960 plot by the C.I.A. to murder the Congo leader, Patrice Lumumba, and Mr. Lumumba was murdered in 1961.

In 1965, with the help of Mr. Devlin and the C.I.A., Mr. Mobutu took office, according to former intelligence officials. The C.I.A.'s support for Mr. Mobutu included secret financial aid.

A former agent, John Stockwell, wrote in his book, "In Search of Enemies," that Mr. Devlin "shuffled new governments like cards, finally settling on Mobutu as President."

## 'Excellent Contacts' Cited

After leaving the Government in 1974, Mr. Devlin became head of the Zaire office of Leon Tempelman & Son Inc., a New York-based metals and precious minerals company active in diamond and mineral exploration in Zaire. William A. Ullman, a vice president of the diamond company, said the hiring of Mr. Devlin, who had no experience in diamonds or metals, took into account his "excellent contacts" in Zaire.

Government officials provided a fuller picture of Mr. Devlin's contacts. They said that President Mobutu regarded Mr. Devlin, even long after he left the Government, as the representative of the United States. This gave Mr. Devlin better connections in Zaire than the United States ambassador there, the officials said.

Stephen B. Cohen, a Deputy Assistant Secretary of State in the Carter Administration who visited Zaire in 1979, said State Department officials there "believed that Devlin functioned as the true representative of the United States Government in President Mobutu's eyes."

Mr. Cohen added that it "was commonly believed by State Department officials in Zaire that Devlin had complete access to classified Government files long after he left the Government."

Mr. Stockwell said in his book that the C.I.A. continued to use Mr. Devlin in 1975, after he left the agency. One Congressional aide said that arrangement still existed.

## Impact on American Policy

Former and current State Department officials said Mr. Devlin's extraordinary access caused intelligence officials in Zaire to regard him as more important than embassy personnel.

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The officials said that the C.I.A. was less interested than the State Department is in reducing corruption in Zaire, and that at times the agency bribed Zairians for information. Mr. Devlin's strategic relationship with President Mobutu helped, on occasion, to undercut American foreign policy objectives, the diplomats said.

For several years Mr. Devlin's deputy in the Zaire office of Tempelman was Col. John Gerassi, the former military attaché at the United States Embassy there, according to Mr. Ullman.

Mr. Devlin's relationship, according to an American businessman who works in Zaire, also gives him and his company an unfair advantage over other businesses trying to operate in Zaire.

"I thought it was unfair to have to compete with people who have developed extraordinary contacts as a result of their Government experience," said the businessman, who requested anonymity because of continuing business relationships. His view was repeated by many others who do business in third world countries.

Mr. Ullman said Mr. Devlin was in the United States this week, coinciding with a visit by President Mobutu, but he did not return repeated telephone messages.

In the case of Mr. Close, the onetime station chief in Saudi Arabia, former Government officials say his actions, while in the C.I.A. and since retirement, are often clouded in mystery.

In the first place, some think Mr. Close may still be working for the C.I.A. in some capacity, although he officially retired in 1977. They add that a further complicating factor is that some Saudis privately share the same perception.

In addition, Mr. Close, while station chief in the 1970's, delivered secret official messages to top Saudi leaders that, on at least one occasion, were at odds with communications delivered by the United States ambassador to Saudi Arabia, the officials said. Two former officials recalled an incident in the early 1970's when Mr. Close gave approval to top Saudi officials to sell arms to Pakistan at the same time the American ambassador was denying permission.

In one of his first business ventures after leaving the C.I.A., Mr. Close became a partner with Kamal Adham, who in early 1979 left his post as head of the Saudi Arabian intelligence service, according to Americans doing business in Saudi Arabia. Another Saudi business partner of Mr. Close is Issan Kabbani, another former Saudi official.

Since 1973, a company in which Mr. Close and Mr. Kabbani are principals has been the Saudi Arabian representative for Cesco Chemicals International Inc., a Louisiana-based company that sells an oilfield drilling lubricant, according to Cesco officials.

Raymond G. Matlock, who spends considerable time in Saudi Arabia as owner of Cesco International, an affiliate of Cesco Chemicals, said Mr. Close had been hired because he enabled Cesco officials "to get in the front door" with Saudi officials. Mr. Matlock said that because Mr. Close had "gained the respect" of many top Saudi officials "he can do things with them" beyond the role of a normal representative.

#### Compensation Not Divulged

Cesco officials declined to divulge Mr. Close's compensation, but other Americans who do business in Saudi Arabia thought his fees were quite lucrative. They cited, for example, Mr. Close's quotation to an American company seeking to land a contract to manage an airport in Saudi Arabia: \$200,000 a year for 10 years to represent the company, plus an additional \$400,000 a year for the life of the contract should the company get the concession.

Several telephone calls were made to Mr. Close's listed number in Saudi Arabia, but no one answered the phone.

State Department officials cited two other examples, in addition to that of Mr. Close, in which the current business activities of former C.I.A. station chiefs have raised concern in diplomatic circles.

One case involves Daniel C. Arnold, the former chief in Thailand. After leaving the agency in 1979, officials said, he went to work representing companies seeking to do business in Thailand. American officials involved in Thai affairs said they were concerned about Mr. Arnold's continued dealings with top-level Thai officials. Mr. Arnold apparently lives in the Washington area, but he does not have a listed telephone and could not be located.

#### A Filipino Connection

Another example involves Herbert W. Natzke, who retired in 1979 after serving as station chief in the Philippines. He went to work for Lucio Tan, a wealthy Philippine businessman involved in banking and trade, according to Government officials.

State Department officials said Mr. Natzke's affiliation with Mr. Tan was perceived by the Filipinos as giving the Tan interests an indelible association with the United States. One result, they said, is that President Ferdinand E. Marcos thinks the C.I.A. wants to protect the Tan interests.

Mr. Natzke recently moved from the Philippines to California to represent Tan interests. Repeated calls were made to a telephone listed in his name, but no one answered.

Mr. Benson and Mr. Walters, two officials who dealt in secrecy in their intelligence careers, have found details about their business activities placed in the public record since they retired from the agency.

Mr. Benson said in an interview that he was hired in 1973, after leaving the Army, to head the Washington office of Pertamina, Indonesia's state-owned oil company. He approached General Ibnu Sutowo, then head of Pertamina, who, upon hiring Mr. Benson, told him, "We need an office in Washington, we need someone we know well, we need someone who knows Washington," Mr. Benson said.

In his more than nine years as a military attaché in Indonesia, Mr. Benson became very close to the top Indonesian generals who, with covert American support, took power in 1965. He also served as the Pentagon's expert on Indonesian affairs. When asked if he got his private job as a result of his Government contacts, Mr. Benson said, "Absolutely, that's the only reason they hired me." He described his Indonesian dealings as proper.

#### Registered as an Agent

Mr. Benson said he registered as a foreign agent "four or five years ago" to be safe, since "it's sort of a gray area." Records on file with the Justice Department show that he registered as a foreign agent for Pertamina and an affiliate in December, 1980, and that an amended statement to "correct a deficiency" in the initial one was filed last July. Among the filings are a 1977 consulting contract with the Pertamina affiliate, and a 1980 letter showing Mr. Benson's pay of \$15,000 a month.

In September, 1980, two months before Mr. Benson registered as a foreign agent, an affidavit was filed in the United States Court of Appeals for the District of Columbia noting some of Mr. Benson's lobbying activities during the middle 1970's for Pertamina. The court case involved importation of liquefied natural gas from Indonesia, a matter in which Mr. Benson says he was actively involved.

Mr. Walters's private attempts to sell arms to Morocco came to light earlier this year, when he filed a disclosure statement in conjunction with his nomination for his State Department post.

John R. McLane, the president of Environmental Energy Systems Inc., the company that paid Mr. Walters \$300,000 for unsuccessful efforts to sell tanks to Morocco, said in an interview that the company hired Mr. Walters because of his access to important figures in Morocco.

"We went to him because he had the connections, he knew the King of Morocco," Mr. McLane said.

#### Trip to Spain for C.I.A.

One of Mr. Walters's last missions in the C.I.A. was a trip in late 1975 to Spain, where in meetings with King Hassan II of Morocco and Spanish officials he convinced Spain to give up control of Western Sahara, a Spanish colony in Africa long sought by Morocco, according to Congressional sources.

When asked in 1979 by Africa News, an American newsletter on African affairs, about the secret 1975 talks, Mr. Walters reportedly declined to discuss the details, saying, "It would look like the King of Morocco and the King of Spain are pawns of the United States, and that wouldn't be in anybody's interest."

The State Department said Mr. Walters was out of the country. He did not respond to telephone messages left with his office here.

Richard Helms, the former director of the C.I.A., said in an interview that the issue of revolving-door activities on the part of retired agents had not been a problem during his tenure. He added that it was "against the American tradition" to place prohibitions on the private business practices of former intelligence officers.

#### Contrast With Foreign Mores

Mr. Helms also contrasted what he called America's "ethic" about conflicts of interest with foreign mores, which he said hold "the more conflict the better."

Mr. Helms now earns a living advising corporations about doing business overseas. The name of the company is Safeer, the Persian word for ambassador.

Other intelligence officials say that it is unfair to single out the intelligence officer former Govern-

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ment employees, such as ambassadors, also profit in private life from their Government experiences.

The opportunities for public discussion of conflicts involving former intelligence agents are few. Since the identities of C.I.A. agents, even after they retire, are not made public, it is often difficult to follow their entry into private life. Other former officials are subject to public scrutiny because their identities are not kept secret.

Congress is considering a bill that would inhibit still further public discussion of intelligence agents.

The revolving-door question, often an issue in discussions of the military-industrial complex, is governed by various Federal statutes, including criminal laws enacted in 1962 and more stringent laws passed in 1978 under the Ethics in Government Act. The C.I.A. guidelines on conflict of interest are identical to those in the 1978 act, C.I.A. officials said.

eral, prohibit or limit former Government employees from representing anyone trying to influence their former department or agency.

J. Jackson Walter, director of the Office of Government Ethics, said a lawyer in the C.I.A. office of general counsel had told him that the agency had "never found a violation" of the ethics laws. But Mr. Walter said the agency lawyer told him the agency gives "daily advice" to former agents on revolving-door regulations.

Although the agency has undertaken a detailed review of its internal guidelines in the wake of disclosures about Mr. Wilson and Mr. Terpil, intelligence officials said it was unlikely that changes in the C.I.A. employment contract would result from that review.

#### A Glimpse at Iranian Dealings

The officials said, however, that the agency's review had led to consideration of adopting a code of ethics.

Brief attention was drawn to the issue in 1975 when a subcommittee of the Senate Foreign Relations Committee disclosed the role of some former agents as brokers and middlemen in foreign military aircraft sales.

Documents showed how Kermit Roosevelt, a former C.I.A. official who personally arranged the 1953 coup that brought the Shah of Iran to power, used his C.I.A. connections on behalf of the Northrop Corporation in Iran and the Middle East.

Letters written by Mr. Roosevelt and released by the committee repeated references to "my friends in the C.I.A." who were keeping him apprised of Northrop's competition.

But the Senate Committee failed to make public all its files relating to the activities of former agents, according to former Senate aides, and no public action was taken to address the issue.

The House Select Committee on Intelligence, currently studying the Wilson-Terpil affair, has not yet looked into the general issue of conflicts of interest by former agents, according to a staff aide.



Vernon A. Walters, left, former Deputy Director of Central Intelligence, was a consultant who tried unsuccessfully to sell tanks to Morocco. Richard Helms, the agency's former Director, makes his living advising companies about doing business overseas. Below, C.I.A. headquarters in Langley, Va.

