

CIA'S "BROWN & ROOT DIMENSIONS"

WHEN HOUSTONIANS WANT to refer to something gigantic, they often describe it as being "of Brown & Root dimensions." But the Browns hardly ever sought publicity—for good reason, as we have seen. Houston man-about-town columnist George Feermann tells of a rare interview George Brown once granted to Time magazine. Brown gave one of three answers to all significant questions: 1) "I'm not informed on that"; 2) "I don't know"; and 3) "No."

Brown & Root's assets and income have climbed geometrically from the early road contracting days. Balance sheets filed at the secretary of state's office in Austin show assets of \$658,000 on December 31, 1935 (with a net profit for that year of \$122,000), and \$1,147,000 on December 31, 1937, after the New Deal contracts began to flow in. War contracts brought the corporation's June 30, 1942 assets to \$5,332,000, and that includes Brown Shipbuilding Co., its biggest war breadwinner. The last balance sheet on file, dated October 31, 1954 (before the Spain contracts), gives a profit-loss surplus of \$13,271,000 and assets of \$27,497,000. The figures are those reported by the company and do not include the concealed assets for which the Browns were famous.

With Herman Brown's death in 1962, George sold the company for an alleged \$36,745,000 to the Halliburton Company, the world's leading oil and gas service company, acquiring Halliburton stock in the process. Brown & Root continues to operate independently as a subsidiary of Halliburton. According to the authoritative Engineering News Record, Brown & Root alone did \$639 million worth of business in 1965, \$211 million of it outside the U.S.

All over the world, wherever big money is spent, George Brown has holdings. His interests own or control companies dealing in insurance, real estate and banking, as well as oil and gas production, distribution and service. They control Texas Eastern Transmission, which after the war bought up the government-built Big Inch and Little Big Inch pipelines for \$1-3 million—a fraction of present value—and grew to a net worth of more than \$1.1 billion in 1966. The acquisition made the Browns a power in the oil industry, and it was through them that Johnson's intimate ties with the industry developed. Throughout his career, George Brown has "remembered" his political friends. In one bank, the Capital National in Austin, Brown interests were co-stockholders as of 1964 with Ed Clark, Lyndon's ambassador to Australia; former Texas governors Allan Shivers and Dan Moody; two Johnson-controlled trust funds; and the Brazos-Tenth Street Co. The Browns used to control the \$91 million bank (Herman was board chairman), but control has passed to what Texans call the "Johnson group." It is part of what appears to be a concerted drive by Johnson to acquire control of central Texas banking.

But if Brown was willing to give Lyndon his little bank in Austin, he is still a major power in Houston banking, with substantial holdings in the \$900 million First City National Bank and reported interests in at least six others. Moreover, he has long ago ceased being a strictly Texas tycoon. He is not only board chairman of Brown & Root and Texas Eastern Transmission, but a director of International Telephone and Telegraph, ARMCO Steel, TWA and other corporate giants. And there is no telling how much Brown has invested under little-

known "street names," set up by banks to disguise ownership of companies by corporate buccaneers.

Another interesting family enterprise is the Brown Foundation, to which Herman bequeathed much of his holdings and which acquired most of the \$36 million paid by the Halliburton Co. for Brown & Root. Assets as of mid-1965 were reported at \$74,490,000. Aside from the Foundation's tax-free business investments (\$55,882,000 in corporate stocks alone), it has contributed to the Lyndon B. Johnson State Park and heavily to oil-rich Rice University. It also contributed to the Vernon Fund, a CIA conduit in Washington (\$95,000 in 1960; \$150,000 in 1962), and to the CIA's Radio Free Europe. Especially intriguing are the Brown Foundation gifts to the American Friends of the Middle East (AFME), a CIA-supported group working closely with various Arab countries—where Brown & Root and other Brown-affiliated companies do a healthy business servicing the oil industry. The first donation to AFME on record was \$50,000 in 1960. Not long afterward, Brown & Root won a contract to lay oil pipelines in Saudi Arabia for the Arabian-American Oil Co., a consortium of U.S. oil companies—itsself a contributor to AFME. There followed a \$50,000 donation to AFME in 1962 and another for \$150,000 in 1964, as the Near East contracts continued to flow in. It is a short step from backing Lyndon to helping the CIA subsidize the propaganda activities of Arab governments.

Iraq, Kuwait, Libya, Saudi Arabia, Egypt—wherever the flag is, Brown is, too. But his self-interest in helping pro-Arab causes is not limited to immediate contract benefits. As Thomas D. Cabot, head of the Boston-based Cabot Foundation (which also contributed to AFME) and the Cabot Corporation (which extracts carbon black from Middle East oil), wrote in the Christian Science Monitor in 1953: "Oil is the key to war, the Middle East the key to adequate oil, and [pre-Nasser] Egypt the key to the Middle East. We need the friendship of Egypt. . . ." Since one of the apparent aims of the CIA is to make the world safe for U.S. business, it is small wonder that a man like George Brown would cooperate.

Brown's interests were also peripherally involved in other CIA funding operations. William A. Smith, a director of Brown's Texas Eastern Transmission Corporation and senior board chairman of Southern National Bank (a Texas Eastern property), was a founder and trustee of one of AFME's principal benefactors, the San Jacinto Fund. This mysterious tax-exempt foundation received large contributions from anonymous sources and dispensed them to such CIA favorites as AFME (which received \$500,000 from the Fund in 1960-61) and the National Student Association. Headquarters for the Fund were in Houston's San Jacinto Building, downstairs from the offices of the Brown Foundation and several of George's oil companies.

Other elements of the Houston corporate aristocracy associated with Brown in banking and business ventures also volunteered to provide secret conduits for CIA money. The interlocking ties are of bewildering complexity. One such conduit is the M.D. Anderson Foundation, which shares with Brown and the Brown Foundation major holdings in Houston's First City National Bank and owns stock in the Brown-affiliated American General Insurance Co. (whose board chairman, Gus Wortham, is a longtime friend and financier of Lyndon Johnson). LBJ's pal Leon Jaworski, an attorney for big eastern interests in Texas, is an M.D. Anderson trustee; his

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law partner, John H. Freeman, is the foundation's president. A close banking associate of the M. D. Anderson Foundation, Ernest Cockrell Jr., is a founder and trustee of the San Jacinto Fund. With George Brown on the First City National board are two executives of Quintana Petroleum Corporation, whose vice president, Douglas B. Marshall, set up the Marshall Foundation, a pipeline for government subsidies to AFME and other CIA charities. George Brown lunches regularly, since Herman's death, with Oveta Culp Hobby, Eisenhower's first secretary of Health, Education and Welfare, publisher of the Houston Post, friend of LBJ—and founder of the Hobby Foundation, another CIA conduit to AFME. George A. Butler, a director of Texas Eastern Transmission and other Brown-affiliated companies, as well as of the Houston Post, is a Hobby Foundation trustee. William P. Hobby, Oveta's son and another foundation trustee, readily admitted the CIA link. And he probably summed up the sentiments of George Brown and all these millionaire beneficiaries of federal largesse when he said: "We are glad to have done it and proud to have been of service to the federal government."

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DEC 1967