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Approved For Release 2005/08/24 : CIA-RDP76-00593R000100110001-7

IG 74-0006

19 AUG 1974

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Solicitation of Corporate Contributions for
the CIA Educational Aid Fund

1. Per your request, we have investigated current and past Agency practices with respect to the solicitation of contributions from corporations and outside individuals for the Educational Aid Fund (EAF). Historically, a 15 April 1964 memorandum from the Office of the General Counsel contained the statement that "it would be proper for the EAF to solicit donations from persons and incorporations with whom the Agency is doing business." However, the memorandum went on to caution against overzealousness in the sense that prospective contributors should not be left with the impression that they could expect any special considerations or benefits as a result of their donations. The newly constituted EAF Board of Trustees held its first meeting on 21 April 1964 and accepted the proposal that contributions to the EAF may be solicited from outside the Agency. The Board of Trustees agreed to compile a list of Agency and OSS alumni who were considered to be good prospects and to approach them for donations. Although the list was compiled and the subject was enthusiastically discussed at a number of subsequent meetings, it appears from the records that nothing of any substance or significance developed until Mr. John Bross, Chairman of the EAF Board of Trustees, met with Mr. John A. McCone in the latter part of 1970.

2. On 16 November 1970, Mr. McCone agreed to give \$50,000 to the EAF over a period of 10 years and to undertake a fund-raising campaign in New York in February 1971 among alumni and others interested in intelligence activities. The latter included

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business friends and associates of Mr. McCone who were affiliated with some of the largest corporations in the United States. The highlight of the campaign was a dinner hosted by Mr. McCone at the Links Club in New York on 10 February 1971 and attended by about half of those invited. The principal speaker at the dinner was Mr. Richard Helms, then the DCI. As a result of the dinner, a number of substantial contributions were made to the EAF as can be seen from Attachment A, which includes lists of outside contributors from 1971 to the present. Since that time there have been no other fund-raising events. However, throughout 1972, Mr. Lawrence Houston, who succeeded Mr. Bross as Chairman, wrote a number of letters of solicitation to previous contributors. Active outside solicitation seems to have subsided by 1973, since contributions to the fund for the past two years have come mainly from Agency employees and former colleagues such as Mr. McCone and [redacted]

3. In our investigation, we could find no one other than Messrs. McCone, Bross, and Houston who solicited donations for the EAF from corporations or individuals outside the Agency. It is inconceivable that any of these three gentlemen could have thought in terms of personal profit in soliciting these donations. Further, we found no evidence to suggest that the Agency consciously bestowed benefits on those who contributed as opposed to those who did not. Although [redacted] contributed \$5,000 to the EAF in 1971 and has received briefings by the Agency on a number of occasions over the years, the briefings were related to its work as an Agency contractor and there is no indication that these briefings were occasioned by its contribution. The same situation obtains with respect to the other corporations that contributed to the EAF.

4. As Attachment B, I have included a copy of a personal letter from Mr. McCone to a few of his wealthy business friends. I would call your attention to the penultimate paragraph which could provide considerable nourishment to those who have misgivings

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about the Agency. Although the tone of the paragraph is perhaps regrettable, there is again no record of any individual or corporation receiving any special treatment as a result of making a contribution to the EAF.

5. Section 201 of Executive Order 11222 (8 May 1965) states that, unless otherwise authorized by regulation, no employee shall solicit any gift from any person, corporation or group which has or is seeking to obtain a contractual or other business or financial relationship with his agency. It would appear, therefore, that the Agency was remiss in undertaking its external fund-raising campaign for the EAF. I am persuaded, however, that there was no misconduct on the part of any Agency employee in this activity, either from the standpoint of personal gain or of providing special benefits to contributors. Nevertheless, given today's climate, I would suggest that you report this past activity to our oversight committees.

[Redacted Signature Box]

STAT

Donald F. Chamberlain
Inspector General

Attachments
As Stated

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Personal

January 19, 1971

STAT [REDACTED]

When I was Director of Central Intelligence, I was deeply impressed with the quality of the organization - a quality superior to any other agency of government. This superior quality must be preserved.

During my tenure in office, several men were forced to leave and seek private employment because their government salaries, while adequate for their family support at home, did not provide funds necessary to send their children through college.

This worried me and I, therefore, initiated a CIA Educational Aid Fund which is administered by the senior men in the Agency and helps with the problem mentioned above. Since I left the Agency, several attempts have been made to stimulate the Fund but a relatively small amount is contributed annually and hence, there is a short fall between available resources and need.

The problem is handled in the foreign service and in the foreign military services and in the FBI through their alumni associations, i. e., Navy League, Air Force Association, Foreign Service Association, etc. Both the CIA and I are wary of creating such a CIA organization for fear it would be labeled "The Old Spooks".

To help the situation along, I have committed to give \$50,000 personally to the Fund. Also, I am giving a dinner on February 16th at the Links in New York and have invited about 50 of the more prominent and prosperous ex-CIA or OSS associates. The sole purpose of the dinner is to get some help for the Fund.

I think all international companies benefit indirectly and, occasionally directly, from the CIA and, therefore, should be interested in helping to preserve the high quality

of the Agency personnel. Also, I believe that international
companies can justify a contribution to the Educational Fund.

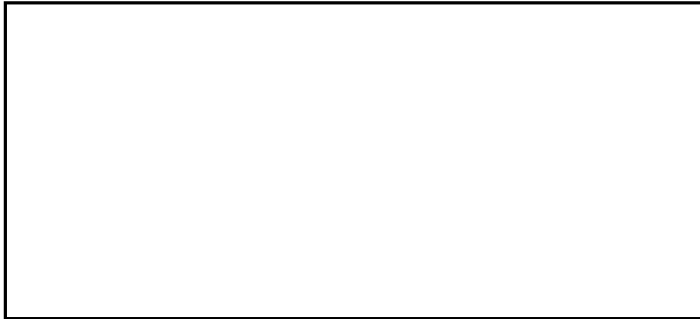
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I would like Standard to consider a contribution to
this cause which could be made as one-shot contribution or
a more modest contribution spread over several years. I
would like to discuss this with you.

Best regards,

Sincerely,

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