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PERSONAL AND NOT FOR PUBLICATION

Mr. Clifton Daniel  
New York Times  
1920 L. St. N.W.  
Washington, D.C. 20036

Dear Mr. Daniel:

\* Two recent experiences move me to write you. A "backgrounder" session on Wednesday, 27 February is the most recent experience.

The situation was similar to that which obtained when I lunched at your bureau and when I lunched with your editorial board in New York. On Wednesday -- as was the case at the lunches -- I said that due to our feeling that definitions of "background", "deep background", etc. were variously understood, I would merely say that those present could use anything I said but not attribute it to me or any government official. A reporter then volunteered, "that's what we call 'deep background' -- the Lindley Rule -- no attribution to anyone".

Since the appearance of the attached story, we have checked back with representatives of all the media present to see whether perchance we ~~did not~~<sup>miss</sup> understand<sup>log</sup> our own ground rules. This has proven not to be the case; those present agree that there was to be no attribution. I wonder, therefore whether there is some New York Times position on attribution of which I should be aware. I know that a Washington paper, for

instance, has taken a position on backgrounders, although it seems to be flexible.

I would be pleased to receive any guidance you can give me.

As to the attached story itself, perhaps I can take this opportunity to clarify two points.

With respect to the phrase "some of the information was purchased", a recheck with the same men who were present confirms my impression that I had said that the collection of information from American citizens and companies was on an absolutely voluntary basis with no payment involved. This appears to have been so understood by all those with whom we rechecked.

The story says "in 'very, very rare' instances, intelligence services had spent 'non-appropriated money' - that is, money acquired by private sources". All present seem to have understood that what I ~~had~~ said was that there were very, very rare instances in which we had been approached with offers of money and that we did not use non-appropriated monies. I expatiated on this further, but that was the main thrust.

Sincerely,

W. E. Colby

NEW YORK TIMES

*Binder*

# Business Pose by U.S. Spies Reported

By DAVID BINDER

Special to The New York Times

WASHINGTON, Feb. 27—A high United States official said today that more than 200 American intelligence agents were stationed abroad posing as businessmen.

He said that some were full-time intelligence operatives and that business enterprises providing them with cover received payments from the United States Government to defray the costs of running their offices.

Others function only part-time as agents, he said, and some of them have proved to be such talented businessmen that they were lured away from their intelligence positions and hired as full-time executives by the companies that had provided cover.

"We've lost some good ones that way," the official said. He added that some of the businessmen-agents had been "very valuable" as intelligence gatherers, while others had become "a pain in the neck," because they "spent only 10 minutes a day" on intelligence activity and the rest of their working day on business assignments.

### Official Asks Anonymity

The official made the disclosure during a discussion of relationships between United States intelligence services and private American business.

The official, who insisted that neither his name nor his department be identified, said that the American intelligence services frequently sought specific information from businessmen, scholars and journalists. Te indicated that some of the information was purchased while other items were acquired by "swapping" data useful to the other party.

He said that intelligence services, when seeking information from businessmen, always offered to guard the information from businessmen, always offered to guard the information from competitors.

In addition, the official said, the intelligence services participate sometimes in research-and-development ventures with private manufacturers to perfect technical equipment — "A better bug," for instance.

Finally, he said, in "very, very rare" instances, intelligence services had spent "non-appropriated money" — that is, money acquired from private sources.

The official asserted that United States intelligence services had not used funds from businesses for the last 10 years.

In this connection he pointed out that the Central Intelligence Agency had rejected an offer by the International Telephone and Telegraph Corporation of \$1-million in September, 1970, to be spent in Chile to defeat the Socialist candidate for

the presidency, Salvador Allende Gossens. The offer was made to Richard M. Helms, who was then the Director of Central Intelligence, by the agency's former director, John A. McCone, who had become an I.T.T. board member.

The official stated that the C.I.A. was also "phasing out" its practice of having agents operate under the cover of being journalists.

Last year it was disclosed that the C.I.A. had maintained some 30 journalists on its payroll during the years since World War II.

*Handwritten notes and markings on the right side of the page, including a vertical stamp that reads "FEB 28 1971" and various scribbles.*

*well attach a clear Xerox.*

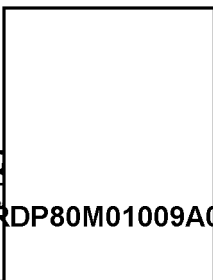
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Remarks:

*How's this? Let it cool, man, for a day or two.*



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