Tab B - Letter
pending DCI
signature —
Sent back to DCI on
24 Jan 86

OGC-3320-85

Central Intelligence Agency
Washington, D.C. 20505

Executive Secretariat

1/23

DCI

You said you wanted us to hold this letter to Fred Hill until you return (you had not completed your handwritten note)

[redacted]

25X1

11 [illegible] 1985

CBF

DCI EXEC

C-1149-IR

EX DIR
DDCI
DCI

FORM 610 USE PREVIOUS

ER

~~SECRET~~

Central Intelligence Agency
Washington, D.C. 20505

3 January 1986

Executive Director

Executive Registry
86-
0055

NOTE FOR: DCI
DDCI

I asked [redacted] (OGI) to look at this. He thinks the OGC review was well done, and that the point that non-U.S. firms would quickly move in to replace Gulf in Angola is on the mark. Although the changeover would not cost Angola much--if any--hard currency, it would add stress to an already troubled economic situation. [redacted] D/ALA, concurred. 25X1 25X1

The decision really hinges on what our objective is in pursuing this. It does present an opportunity to impress U.S. businessmen that the policy is real, but I doubt the move would have much effect on Cuba. Also, Gulf would probably sell its assets easily.

Referring the issue to Treasury is a must, but is probably the kiss of death for the proposal--OGI doubts Treasury will go along. 25X1

[redacted]

~~SECRET~~

note on left side of folder with letter to Ikle

DCI EXEC

A-115

OGC-538 20-85

Washington D.C. 20505

Dr. Fred C. Ikle
Under Secretary of Defense for Policy
Pentagon
Washington, D.C. 20301-2000

Dear Fred:

I have reviewed the memorandum you forwarded to me, which examines the potential application of the Cuban Assets Control Regulations to the operations of Gulf Oil Corporation in Angola. I believe that the memorandum offers an interesting and innovative approach to dealing with hard currency payments in transactions involving Cuba. However, one word of caution is in order. Even if the regulations apply to Gulf Oil, there is nothing to prevent Gulf from selling its holdings to a non-U.S. company which would not be covered by the regulations.

I suggest that if you determine to proceed further the Department of the Treasury should be asked to examine this issue more closely and to recommend a course of action with the approach you have raised as a strong option.

Sincerely,

Bill

William J. Casey
Director of Cental Intelligence

Fred
I talked to Abe Sofaer about this recently & in
for pushing the idea forward - although it may be
that the best way to get it.

CL BY _____
DECL _____
DERIVED FROM _____

CONFIDENTIAL

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Financing of Cubans in Angola by Private U. S. Company

Executive Registry
85-4749/1

FROM:

Stanley Sporkin
General Counsel

EXTENSION

NO.

DATE

TO: (Officer designation, room number, and building)	DATE RECEIVED	DATE FORWARDED	OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
1. EX DIR	[illegible]			
2. DDCI	07 JAN 1986			
3. DCI				
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DCI EXEC REG

FORM 1-79 610 USE PREVIOUS EDITIONS

MEMORANDUM FOR: E.R.
ME12 HQS.

This package was sent to the DCI via our OGC driver on Friday, 27 December 1985, without an OGC number on it.
Therefore, I am sending your copy, with all OGC numbers on, to you at this time.
I have also sent copies to all other components listed on the distribution page, excluding the DCI, DDCI, and ExDir, which received their copies on Friday.
If you have any questions on this, please call me on [redacted]

25X1
25X1

[redacted]
OGC

Date 30 DEC 1985

FORM [illegible] PREVIOUS

CONFIDENTIAL

OGC-85-53816
27 December 1985

NOTE FOR: Director of Central Intelligence

FROM: Stanley Sporkin
General Counsel

SUBJECT: Financing of Cubans in Angola by Private U.S. Company

Bill:

1. Attached are copies of two memoranda (Tab A). The first was produced by the Department of Defense, and it argues that the current version of the Cuban Assets Control Regulations permits the U.S. Government, through the Office of Foreign Assets Control in the Treasury Department, to shut down Gulf Oil operations in Angola so as to deny Cuba certain hard currency earnings from these operations.

2. The argument in the Defense memorandum provides a rather imaginative and innovative approach to denying Cuba hard currency earnings. Although the Treasury Department has indicated that the Cuban Assets Control Regulations have not previously been applied in such an indirect manner, the suggested approach falls squarely within the language of the Regulations and of the Trading with the Enemy Act. The Regulations were not intended to cover only direct, legal relationships between Cuba and U.S. businesses, and if the facts are as accurate as they have been presented by Mr. Kunsberg, there is a strong, albeit indirect, link between Gulf Oil and Cuba. Moreover, the Defense memorandum suggests very clearly and distinctly that Cuba is a third party beneficiary to the Gulf Oil-Angolan agreement. While CIA estimates indicate a substantially more remote link between Gulf Oil hard currency and payment for Cuban military assistance to Angola, the Regulations still would appear to be applicable. The Defense memorandum does not explore the possible expropriation issue, which I think could be dealt with by careful invocation of the Regulations.

25X1

25X1

CONFIDENTIAL

C-115

3. The second memorandum was prepared by a member of my staff, [redacted] and it provides a more cautionary view of the application of the Cuban Assets Control Regulations. 25X1

4. If I do have a reservation with respect to the Defense memorandum, it is with reference to the practical effect on Cuba's hard currency position by any prohibition levied on Gulf Oil. [redacted] points out in his memorandum, at footnote 2, there have been some reports that West European oil companies would be eager to fill the position vacated by Gulf Oil in the event the Regulations force the U.S. company to cease its operations in Angola. If this were true, the net impact of such an action on Cuba's hard currency receipts would be minimal, at best. 25X1

5. I recommend that if you decide to support the Defense memorandum you suggest to DOD that it refer the issue to the Department of the Treasury for its review. Accordingly, I have included for your review and signature an appropriate response to Fred Ikle (Tab B).

Stanley Sporkin

Attachments

25X1

25X1

25X1

25X1

Next 5 Page(s) In Document Denied

~~S E C R E T~~

27 DEC 1985
OGC-85-53818

MEMORANDUM FOR: General Counsel

FROM: [redacted] 25X1
Office of General Counsel

SUBJECT: Financing of Cubans in Angola by Private U.S. Company

1. This memorandum is in response to a request by the Executive Secretary that the Office of General Counsel prepare a reply to the Under Secretary of Defense with respect to a DoD memorandum that examined whether or not the Cuban Assets Control Regulations (hereinafter "Regulations"), 31 C.F.R. §§ 515.101 et seq., would permit the U.S. Government, through the Secretary of the Treasury and the Office of Foreign Assets Control (OFAC) of the Department of the Treasury, to halt Gulf Oil operations in Angola. The memo states that Gulf Oil exploits the Cabinda fields in Angola pursuant to a partnership agreement with the Government of Angola; that Angola earns a substantial percentage of its total hard currency earnings from its agreement with Gulf and, that Angola subsequently uses a significant portion of those earnings to pay Cuba for military assistance. [redacted] 25X1

2. Section 5(b) of the Trading With the Enemy Act (TWEA), 50 U.S.C. App. §§ 1-44, authorizes the President, under such rules and regulations as he may prescribe, to

> investigate, regulate, direct and compel, nullify, void, prevent or prohibit, any acquisition holding, withholding, use, transfer, withdrawal, transportation, importation or exportation of, or dealing in, or exercising any right, power, or privilege with respect to, or transactions involving, any property in which any foreign country or a national thereof has any interest, by any person, or with respect to any property, subject to the jurisdiction of the United States. 50 U.S.C. App. § 5(b)(1)(B). [redacted] 25X1

3. Pursuant to the authority vested in the President under § 5(b) of the TWEA, the Regulations were issued in 1963. The regulations generally impose a comprehensive embargo on trade with Cuba. They prohibit, inter alia, [redacted] 25X1

~~S E C R E T~~

> All of the following transactions, except as specifically authorized . . . if such transactions involve property in which any foreign country designated [i.e. Cuba] . . . or any national thereof, has at any time on or since the effective date of this section had any interest of any nature whatsoever, direct or indirect:
>
> > All dealings in . . . transfers, withdrawals, or exportations of, any property . . . by any person subject to the jurisdiction of the United States. 31 CFR § 515.201(b)(1). (emphasis added)

The regulations also prohibit "All transfers outside the United States with regard to any property or property interest subject to the jurisdiction of the United States." 31 CFR § 515.201(b)(2). The regulations define "person" as "an individual, partnership, association, corporation, or other organization." 31 CFR § 515.308. "Transactions" are defined to include "any payment or transfer to [Cuba]." 31 CFR § 515.309. The term transfer includes "any . . . act . . . the purpose, intent, or effect of which is to . . . surrender, release, transfer, or alter, directly or indirectly, any right . . . or interest with respect to any property . . . ." 31 CFR § 515.310. "Property" and "property interests" includes "money . . . ." 31 CFR § 515.311. It also would appear that Gulf payments to Angola are property subject to the jurisdiction of the United States, since, as Mr. Kunsberg notes, they are taxable by the United States. In short, most of the operative language, when applied with broad brush, appears to support Mr. Kunsberg's conclusion that the Regulations provide "authority to shut down operations by Gulf Oil Corp." Upon closer inspection, however, I do not believe that the Regulations are the sweeping authority they are stated to be. [redacted] 25X1

4. Application of the Regulations: Despite the sweeping language of the Regulations, the Gulf Oil issue is one of first impression; the Agency is not aware of any instance in which the suggested application of the Regulations involves such an indirect link to Cuba. According to officials of the Treasury Department, the Regulations generally have been used in situations involving direct trade or other direct transactions between U.S. persons and Cuba, or in situations where identifiable Cuban property has been discovered in transactions between a U.S. person and a third country. An example of the latter application is the recent Treasury ban on Soviet nickel imports into the United States, which resulted from the failure of the Soviets to provide necessary assurances that nickel shipped from the USSR had no Cuban-origin material. While the

language of the Regulations explicitly covers "any interest of any nature whatsoever, direct or indirect" (emphasis added), the practical application of the regulations has extended to more direct relationships between Cuba and U.S. business. For example, although Mr. Kunsberg cites Regan v. Wald, 104 S. Ct. 3026(1984), as "solid support" for his proposed course of action, the case involved direct payment for meals, lodging, and transportation by U.S. persons to the Cuban government. Such direct, travel-related transactions are not similar to the more indirect, foreign exchange transactions involving Gulf Oil. As the Court in Regan stated, the direct, travel-related transactions "fall naturally within the statutory language." Id. at 3034 n.16. Should such language be extended further, without amendment, to cover indirect transactions like that between Gulf Oil and Angola, it likely may open a Pandora's box; the Regulations would provide no notice of the types of transactions that may be covered and the extent to which the Treasury Department might use the Regulations could result in a flurry of litigation. [redacted] 25X1

5. Moreover, the Court in Regan stated that "the President's authority [was] to regulate all property transactions with Cuba and Cuban nationals" (emphasis added). Id. at 3036 n.21. Mr. Kunsberg's suggestion is that the Regulations be used in this instance to regulate property transactions with Angola, because Angola subsequently deals directly with Cuba. While this argument has some appeal, and perhaps some support from the legislative history[1/] a large part of this appeal derives from

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1/ In discussing the TWEA, pursuant to which the Regulations were issued, Senator Parker of New Jersey stated:

> We do not want to send funds or allow Americans to send funds to firms that have German connections, and who may see that those funds get into Germany, whether those transactions be conducted in Holland, South America, or in any other neutral country . . . If we are sending wheat, we will say, to Holland, we do not want to send it to any man who is doing business in Germany. He may or will send the wheat or its proceeds to Germany [and we do not] want to make it necessary to find out where he is going to send the wheat. The point is to stop shipment of wheat to anyone who is in business with Germany or an ally of Germany . . . . SUBCOMMITTEE ON INT'L TRADE AND COMMERCE, TRADING WITH THE ENEMY 110-11 (Comm. Print 1976). Furthermore, § 5(b) of the Trading With the Enemy Act was amended in 1977 to apply to "any person . . . subject to the jurisdiction of the United States" (emphasis added). Previously, the statutory provision had applied only to transactions involving "any person within the United States" (emphasis added).

the strength of Mr. Kunsberg's facts; to wit, that 90 percent of Angola's total hard currency earnings come from Gulf Oil and that 60 percent of those earnings are used to pay Cuba for military assistance. [redacted] 25X1

6. Angola has three main sources of hard currency: oil, diamonds, and coffee. According to CIA estimates, 90 percent of Angola's hard currency earnings come from all oil exports, including those from Cabinda fields operations, which account for about 65 percent of Angola's total oil exports. Gulf's partnership arrangement with Angola in the Cabinda fields gives it 49 percent ownership rights to oil production; Gulf provides Angola with royalty payments based on its partnership share of oil exports. Thus, Gulf individually does not account for all of the Cabinda fields hard currency earnings available to Angola; in fact, it accounts for substantially less. Angola markets oil from the Cabinda fields directly to third countries in exchange for hard currency payments. About 50 percent of Angola's hard currency is paid to Cuba and the Soviet Union in return for military hardware and assistance; most of this assistance is provided by the U.S.S.R. CIA estimates that as little as 10 percent of this hard currency finds its way directly to Cuba.2/ [redacted] 25X1

7. Accordingly, what originally appears to be a strong case, in hard currency terms, for indirect and substantial Gulf Oil subsidization of Cuban military assistance through its partnership agreement with Angola, is, on closer observation, significantly weaker. While the Regulations are not intended merely to prohibit direct transactions involving only legal property interests, the more remote the link becomes between U.S. business and Cuban interests, the more likely the

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2/ The actual percentages are not critical to the analysis; the purpose of the Regulations is to deny any hard currency to Cuba. However, Mr. Kunsberg's facts suggest a much more direct relationship between Gulf Oil and Cuba than may actually exist and which would argue more strongly for application to Gulf of the Regulations as currently written. The Soviet Union is not covered directly by the Regulations, although they have been applied to Soviet-U.S. transactions. See supra, para. 4. State Department officials have stated that a forced Gulf Oil pullout from Angola would not deny Cuba any hard currency proceeds, since West European oil companies instantly would take up the Cabinda concession. See "Conservatives Push For U.S. Aid to Angola Rebels," N.Y. Times, Dec. 16, 1985 at A8. Since Angola is the fourth largest trading partner of the United States in sub-Saharan Africa, Gulf Oil also may not be the sole source of U.S. hard currency for Cuba. [redacted] 25X1

regulations may be applied variably and without sufficient parameters indicating what activities are prohibited. Absent some indication of direct Cuban interest in Cabinda field operations and in Gulf Oil royalties, it is not entirely clear that the Regulations were intended, or could be read, to cover such third party situations as that involving Gulf Oil and Cuba. 25X1

8. One possible suggestion is to have the Secretary of the Treasury modify the Regulations to reflect explicitly their application to just such situations. This would eliminate any doubt as to the scope of transactions covered by the Regulations and would provide adequate notice to U.S. firms of the extent of their obligations, if any, to track secondary transactions of their goods. Moreover, a specific amendment would avoid the likely confusion and chilling effect on U.S. business that could result from the potential application of the Regulations, as currently written, to remote, multi-party transactions, where U.S. firms could be penalized or perceive that they could be penalized, in any situation where the last transaction in an identifiable chain of events involves or may involve Cuba. 25X1

9. Constitutional Ramifications: Congress first passed the Trading with the Enemy Act in 1917 and, as enacted, the Act dealt only with the President's use of economic powers in times of war. The Act was expanded in 1933 to deal with peacetime national emergencies. In 1942, the President delegated his authority under the Act to the Secretary of the Treasury who, in turn, has delegated that authority to the Office of Foreign Assets Control in the Department of the Treasury. See Regan v. Wald, supra, 104 S.Ct. 3026, 3030 n.2 (1984). 25X1

10. In 1977, Section 5(b) of the Act was amended once again, to limit the President's power to act only in "times of war." During peacetime, the President's power to act is governed by the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. §§ 1701-1706. See Act of Dec. 28, 1977, Pub.L. No. 95-223, § 101(a), 91 Stat. 1625, 1625. In order to continue existing economic embargoes, Congress "grandfathered" existing exercises of the President's national emergency authorities. Id. § 101(b), 91 Stat. at 1625. Pursuant to the "grandfather" provision, the President may continue to exercise national emergency powers with regard to Cuba and certain other nations if he deems it in the national interest. Id. In the years since the 1977 amendment, the President has continued to deem such exercises of power to be within the national interest. See, e.g., 50 Fed. Reg. 36563 (1985); 49 Fed. Reg. 35927 (1984); 48 Fed. Reg. 40695(1983); 47 Fed. Reg. 39097 (1982). 25X1

11. The constitutionality of the Trading with the Enemy Act and the regulations promulgated thereunder is well established. See, e.g., Sardino v. Federal Reserve Bank of New York, 361 F.2d 106(2d Cir.) cert. denied., 385 U.S. 898 (1966); Richardson v. Simon, 420 F.Supp. 916 (E.D.N.Y. 1976). Moreover, the Supreme Court has recognized that the Trading with the Enemy Act and Regulations play an important part in U.S. foreign policy. See, e.g., Banco Nactional de Cuba v. Sabbatino, 376 U.S. 398 (1964) ("[t]he [Regulations] exemplif[y] the capacity of the political branches to assure, through a variety of techniques . . . , that the national interest is protected . . . ." Id., at 412). See also United States v. Pink, 315 U.S. 203, 228 (1962). The judiciary has long recognized that Congress and the Executive have broad discretion in the area of foreign affairs and foreign policy. See United States v. Curtiss-Wright Export Corp., 299 U.S. 304 (1936); Miranda v. Secretary of the Treasury, 766 F.2d 1 (1st Cir. 1985); Tole S.A. v. Miller, 530 F. Supp. 999, 1006 (S.D.N.Y. 1981). [redacted] 25X1

12. Conversely, the role of the judiciary in foreign affairs is limited. See, e.g., Mathews v. Diaz, 426 U.S. 67, 81 (1976). Only recently the Supreme Court recognized that "[m]atters relating 'to the conduct of foreign relations . . . are so exclusively entrusted to the political branches of government as to be largely immune from judicial inquiry or interference.'" Regan v. Wald, supra, 104 S.Ct. at 3039. [redacted] 25X1

13. The permissible scope of review of administrative action is extremely limited; and there is a presumption that actions by an agency in interpreting and applying its own statutes are valid. Udall v. Tallman, 380 U.S. 1 (1965). The standard is whether the administrative action is arbitrary, capricious, or an abuse of discretion. Rochester Telephone Corp. v. United States, 307 U.S. 125 (1939). Since the Regulations have a basis in law and are within the granted authority of the Trading With the Enemy Act, it would appear that certain legal attacks raised by Gulf Oil to counter a decision to terminate Gulf operations in Angola probably would fail unless the Regulations were found inapplicable to the intended action. A question that successfully may be raised by Gulf, however, concerns the Fifth Amendment guarantee that ". . . private property . . . [shall not] be taken for public use without just compensation." The courts have addressed on several occasions Fifth Amendment challenges to the Regulations and similar regulations. See e.g., Regan v. Wald, supra; Dames & Moore v. Regan, 453 U.S. 654 (1980); Richardson v. Simon, 560 F.2d 500 (2d Cir. 1977); American Documentary Films Inc. v. Secretary of the Treasury, 344 F. Supp. 703 (S.D.N.Y. 1972). Nearly all of these challenges, though, were based on the due process language of the Fifth Amendment, and the refusal of the

courts to sustain these challenges was grounded to a significant degree on the deference accorded executive judgment in the realm of foreign policy.3/ See esp., Regan v. Wald; supra; Richardson v. Simon, supra; Teague v. Regional Commissioner of Customs, 404 F.2d 441 (2d Cir. 1968), cert. denied, 394 U.S. 977 (1969), reh. denied, 395 U.S. 930 (1969); United States v. Fernandez-Pertierra, 523 F. Supp. 1135 (D.C. Fla. 1981). In fact, because such cases as Regan v. Wald do not address the issue of government compensation for the exercise of eminent domain powers, it is far from certain that the U.S. Government could invoke the Regulations and have as "strong [a] chance of success in litigation" as Mr. Kunsberg asserts. [redacted] 25X1

14. One of the few cases dealing directly with the eminent domain issue occurred as a result of the settlement of the Iranian hostage crisis, in which President Carter vacated attachments and other restraints on Iranian assets pursuant to Executive Orders expressly authorized by the IEEPA. In American International Group v. Islamic Republic of Iran, 657 F.2d 430 (D.C. Cir. 1981), several corporations challenged U.S. Government actions vacating restraints on Iranian assets, in part because such actions constituted a taking of their property for which just compensation should be paid. Id., at 446. The Court of Appeals recognized that

> the Supreme Court has never found an executive settlement of private claims to constitute a compensable taking . . . [although] the Court of Claims has continually implied that in a proper case it would consider cancellation of private claims by settlement to be such a taking . . . Id. (citations omitted)

Although the case involved an Executive settlement of claims, rather than a regulatory prohibition, several portions are noteworthy because of their potential application to suggested

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3/ The Court in Rewald found, in part, that Cuba's economic and military support of armed violence abroad provided an adequate basis for continued restrictions on travel to Cuba. Furthermore, the travel ban was a sufficiently rational means to stem the flow of hard currency to Cuba. See id., at 3039. However, the need to limit Cuba's access to hard currency has not deterred the U.S. Government from permitting some limited travel by Americans under exceptions for journalists, academics and relatives of Cubans. [redacted] 25X1

U.S. actions against Gulf under the Regulations. The Court of Appeals determined in part that the applicability of the Taking Clause to the claims suspension was not yet ripe for review, largely because the court was not assured the claimants would suffer any loss,[4/] and because the claimants had proceeded under a license to attach. Revocation of a license to attach was not considered a taking, because the claimants "had no entitlement to the attachments that would constitute property capable of being taken." Id. at 448. See also Chas. T. Main International, Inc. v. Khuzestan Water & Power Authority, 651 F.2d 800, 807-808 (1st Cir. 1981). [redacted] 25X1

15. While Treasury Department officials have stated that they do not observe any rule of contract sanctity in applying the Regulations, the language of American Int'l. Group suggests that the entitlement Gulf Oil undoubtedly has to Cabinda field oil rights in its current partnership agreement with Angola would be infringed upon by the application of the Regulations suggested by Mr. Kunsberg. Since the existence of a taking depends on "the particular circumstances" of a case (United States v. Central Eureka Mining Co., 357 U.S. 155, 168 (1958)), a claim by Gulf Oil that U.S. actions constitute a compensable taking may well be entertained; moreover, its chance for success under a reading of the case law cited above should not be underestimated.[5/] [redacted] 25X1

16. Conclusion: Although I do not believe Mr. Kunsberg's memorandum is without substantial merit, I believe his analysis is too conclusory. The Treasury Department apparently has not

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[4/] The Executive Agreement that terminated claims by U.S. nationals against Iran in U.S. Courts provided for settlement of such claims by binding international arbitration and, therefore, claimants still had an avenue of "meaningful relief." Id. at 447. [redacted] 25X1

[5/] Whether Gulf Oil ultimately can prevail on the issue of a Fifth Amendment taking raises substantially more complex arguments than this memorandum addresses. For example, it is not clear whether the Regulations have created "illegal" transactions, such as Gulf Oil's indirect dealings with Cuba, which the Government thereby would be preventing and for which it would not be required to pay compensation. To some degree, this issue may turn on whether the language of the Regulations, as currently stated, constitutes notice to Gulf Oil of the illegality of its specific actions in Angola. [redacted] 25X1

previously applied the Regulations in a manner similar to that suggested, nor is it clear that they should be applied in such a manner in the absence of an explicit modification covering the Gulf Oil situation. Arguments on the application of the Regulations that derive from Mr. Kunsberg's factual statement also may be unavailable, since the facts do not appear as supportive as he suggests. His case would be strengthened if the Regulations were amended to cover clearly the Gulf Oil-Angola agreement, at least prospectively. However, a question may be raised, under the Fifth Amendment due process and taking provisions, of applying the Regulations to Gulf Oil's existing contract with Angola. [redacted] 25X1

25X1 [redacted]

CONFIDENTIAL

Central Intelligence Agency

Washington D C 20505

DRAFT
27 DEC 1985
OGC-85-53820

8

Dr. Fred C. Ikle
Under Secretary of Defense for Policy
Pentagon
Washington, D.C. 20301-2000

Dear Fred:

I have reviewed the memorandum you forwarded to me, which examines the potential application of the Cuban Assets Control Regulations to the operations of Gulf Oil Corporation in Angola. I believe that the memorandum offers an interesting and innovative approach to dealing with hard currency payments in transactions involving Cuba. However, one word of caution is in order. Even if the regulations apply to Gulf Oil, there is nothing to prevent Gulf from selling its holdings to a non-U.S. company which would not be covered by the regulations.

I suggest that if you determine to proceed further the Department of the Treasury should be asked to examine this issue more closely and to recommend a course of action with the approach you have raised as a strong option.

Sincerely,

William J. Casey
Director of Cental Intelligence

CL BY _____
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DERIVED FROM _____

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OGC: [redacted] (12/30/85) 25X1

Distribution
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EXECUTIVE SECRETARIAT

ROUTING SLIP

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	19	NIO/AF		X		
	20	D/OGI/DI		X		
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Remarks

To #10: Please prepare response for DCI signature.

25X1

Executive Secretary

6 Dec 85

Date

3637 (10-81)

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