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## December briefing

**Fighting words** ... A shouting match broke out during the recent annual meeting of the Association of Former Intelligence Officers, a "public education" group for some 1,500 former CIA, FBI, and military intelligence officers, founded in 1975 by former CIA Chile Task Force chief David Phillips. During a panel on terrorism, Ray Cline, once the CIA's Intelligence Division chief and a Reagan campaign adviser, argued that left-wing terrorists were trained and controlled by Moscow. The FBI's terrorism chief said there was "no proof." An angry Howard Bane, who recently retired as CIA's terrorism chief, scoffed at Cline: "That's just right-wing nonsense. It's divisive and untrue."

**Troubled waters** ... The mysterious death of John Paisley, a former top CIA analyst of Soviet arms developments, continues to find its way into the news—and now in Australia. Last year, it was reported that Paisley, who supposedly committed suicide on his sloop in Chesapeake Bay in September 1978, was a CIA contact for Richard Nixon's White House "plumbers." Reports from Australia say Paisley was a close friend of Walt McDonald, a twenty-five-year consultant to the CIA and, at the same time, a participant in a shady worldwide financial operation called the "Nugan Hand Bank." Founded in 1973 by former Green Beret Michael Hand and several other individuals listing their addresses as "c/o Air America, San Francisco" (a wholly-owned CIA subsidiary), the bank opened with offices in Asia, Latin America, West Germany, and Saudi Arabia with \$1 million in assets, which increased a thousand-fold within a few years. Other high CIA and intelligence-connected officials, including William Colby, were close to the bank's founders. According to Australian press reports, the firm was bankrolling international narcotics operations. Some of the money ended up in pro-U.S. Australian labor union coffers. Following the reports, Michael Hand disappeared. Partner Frank Nugan was found shot dead in his Mercedes. The bank has collapsed.

Sources suspect the Paisley and Nugan Hand affairs are linked. On board his yacht, Paisley had highly classified radio gear capable of communicating via satellite with the CIA ground station at Pine Gap, Australia. His telephone diary had Walt McDonald's name in it.

**More intelligence** ... Jim Hougan, author of *Spooks*, and Washington researcher Robert Fink have signed a contract to write the story of the Watergate affair. What's new about that? Hougan and Fink are said to have concluded that the CIA set up the White House plumbers to be captured at the Watergate, thus knocking Nixon out of office. —J. S.