

1 March 1973

MEMORANDUM FOR: Deputy Director for Plans

SUBJECT : Current Time Magazine Investigation of Robert R. Mullen & Company Connection with the Watergate Incident

1. Mr. Robert R. Mullen, president of Robert R. Mullen & Company, telephoned CCS on the morning of 28 February to advise us that Sandy Smith, a reporter from Time Magazine, was in the Mullen office late on 27 February. Smith started off by saying that "a source in the Justice Department" had informed him that the company "is a front for CIA." Mr. Mullen denied the allegation stoutly, said the company clients are all legitimate and offered to let Smith inspect the company books. Mr. Mullen said that his intuition was that Smith was on a fishing expedition and really had nothing to substantiate his suspicions.

2. Smith had many questions concerning Howard Hunt, such as how he secured Mullen employment and his salary. Mullen told him the company paid him a salary initially and later on a consultant basis when Hunt began to work for The Committee to Re-elect The President. Smith wondered about Hunt's source of income as there is no record in above Committee's records of payments to Hunt. Mullen informed Smith that one source of Hunt's income was a government pension which, according to Hunt, was sizeable.

3. Mullen told Smith that Bob Bennett, partner of Mr. Mullen who was on a business trip to California, really knew most about Hunt's later period of Mullen employment. Mullen could not show Smith records concerning Hunt as they are in possession of the U. S. attorney.

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4. Bob Mullen again telephoned CCS at 1650 hours on 28 February 1973 as a follow up to his morning call, as reported above.

5. Sandy Smith, the Time reporter, was in again in the late afternoon and told Mr. Mullen that he had just seen, through an FBI contact, a paper allegedly personally delivered by a high official of CIA to Mr. Pat Gray, Acting Director of the FBI, during the height of the Watergate flap and investigation of Howard Hunt last summer.

6. It was evident that Smith at least knew of the existence of such a document, but Mr. Mullen could only guess that Smith had not seen it long enough to digest it, or it said so little that Smith is trying to develop more information.

7. Mr. Mullen continued to deny being associated with the Agency in any way except for the Cuban Freedom Committee, which connection had been admitted by Bob Bennett in June to the news media and U. S. attorney. Smith told Mullen, whom he has known for years because of some association in New York, that he is now in his "corner," but would be most unhappy if he ascertains that Mullen is not leveling with him. Mullen does not trust Smith and is certain Smith will write up whatever he develops. Presumably Time would publish the article.

8. Mullen would like to know what exactly we gave the FBI so that he can tell Smith what he already seemingly knows from our memorandum to the FBI, or at least know how to best cope with Smith. Mr. Mullen requested that our reply be given him during the evening of 28 February.

9. Attached is a copy of the 21 June 1972 Memorandum for the Acting Director of the FBI from the Office of Security concerning Robert R. Mullen Company. Possession of the contents of this memorandum by Mr. Smith could be very damaging to the Agency and the company. The last sentence of Para. 4 states "Mr. Hunt was aware of the two present cover placements under Robert R. Mullen and Company." Paragraph 5 relates that eight Mullen company employees have been witting of the company's ties with the Agency. Paragraph 7 states "In view of the extreme sensitivity of this information concerning the current use of Robert R. Mullen Company, it is requested that this report be tightly controlled and not be disseminated outside your Bureau."

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10. [redacted] and the CCS case officer for the Mullen Company, Mr. Martin J. Lukoskie, discussed the above with Mr. William E. Colby and Mr. Cord Meyer, Jr. at approximately 1900 hours on 28 February. It was agreed that Mr. Colby would recommend to the DCI, Mr. Schlesinger, that Messrs. Mullen and Bennett be allowed to read the 21 June 1972 memorandum to the FBI and that they be asked to continue to deny any allegation of association with the Agency, and state in effect that there was no relationship, and if there were, it, of course, would not be admitted. Mr. Schlesinger did endorse the proposed course of action. (b)(3)

11. Messrs. [redacted] and Lukoskie of CCS met with Messrs. Ralph Hatry and Charles Beckman of NOCAD at 0840 hours on 1 March to inform them of developments [redacted] (b)(3)

[redacted] It was decided that Mr. Lukoskie would further discuss with Mr. Mullen and Mr. Bennett, who had returned to his office, the Smith visits, allow them to read the 21 June memorandum to the FBI and propose the immediate return of [redacted] to the United States [redacted] (b)(1) (b)(3)

12. Mr. Lukoskie and Mr. Mullen met near the Watergate and proceeded to Mr. Mullen's apartment in The Watergate through a rear entrance to The Watergate. Mr. Bennett joined them shortly and both read the memorandum. It developed that Mr. Bennett had been present during the second meeting with Mr. Smith. Messrs. Bennett and Mullen both were of the opinion that Smith had not seen the memorandum. They suggested that he had only heard of its existence or had seen an FBI report which summarized the memorandum and said only that the company had provided cover for the Agency. They felt that if he had seen the memorandum, he would not have re-visited them or would have accused them on the rather specific information contained in the memorandum. They said they would continue to deny any association with the Agency other than the already acknowledged relationship with the Cuban Freedom Committee. (b)(1) (b)(3)

13. They related that they told Smith he was beating a dead horse and that the Washington Star, Washington Post and Los Angeles Times had already investigated and concluded that the Mullen Company was not involved in the Watergate affair or

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the allegation that the CIA had instigated the Watergate Affair. It was an intriguing theory which just died. Mr. Bennett said that he recently spent four hours in Los Angeles being interviewed by a Newsweek reporter and had convinced him that the Mullen Company was not involved with the Watergate Affair. Mr. Bennett rather proudly related that he is responsible for the article "Whispers about Colson" in the 5 March issue of Newsweek. Mr. Bennett does not believe the company will be bothered much more by the news media which is concluding that "the company is clean and has gotten a bum rap while the real culprits are getting scot free." Mr. Bennett said also that he has been feeding stories to Bob Woodward of the Washington Post with the understanding that there be no attribution to Bennett. Woodward is suitably grateful for the fine stories and by-lines which he gets and protects Bennett (and the Mullen Company). Typical is the article "Hunt Tried to Recruit Agent to Probe Senator Kennedy's Life" on page A16 of the Saturday, February 10, 1973, Washington Post. Mr. Bennett mentioned the 12 February 1973 meeting among himself, Mullen and Lukoskie when he stated his opinion that the Ervin Committee investigating the Watergate incident would not involve the company. He said that, if necessary, he could have his father, Senator Bennett of Utah, intercede with Senator Ervin. His conclusion then was that he could handle the Ervin Committee if the Agency can handle Howard Hunt.

14. Mr. Bennett reported that he is well acquainted with a Charlotte, N. C. attorney named McConnell to whom Senator Ervin offered the position of Chief Investigator of the Congressional Committee investigating the Watergate incident. Mr. McConnell, according to Bennett, declined the offer because he is a millionaire in his own right and doesn't need to put up with all the grief associated with such a position. Mr. Bennett said he asked McConnell to inform Senator Ervin that Mullen, Bennett and the company are 100% clean of any involvement in the Watergate. Bennett is certain that Senator Ervin has no desire for revelation of legitimate arrangements or to harm the Agency and would avoid questions concerning our overseas cover placements. Mr. McConnell subsequently told Bennett that he and Senator Ervin were the only passengers on a private plane recently and he discussed Bennett, et al, as requested by Bennett. Mr. McConnell believes Senator Ervin accepted his comments and will not attempt to further involve the Mullen Company people. Bennett believes he and his Agency affiliations

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will not be raised again. He has the Ervin Committee shut off and feels the Agency has the responsibility to persuade Howard Hunt to avoid revealing what he knows of the history of cover arrangements with the company. Bennett and Mullen further suggested that the Agency "plug the leak" in the FBI and/or Department of Justice.

15. At this time the Agency proposal to bring [redacted] back PCS prior to 10 March with the legend that [redacted] has become disenchanted with the company, does not like the change in ownership from Mullen to Bennett, and has several job proposals he wishes to pursue was then set forth. They said that on the contrary Bennett and [redacted] get along very well and [redacted] is deeply involved in a Bennett project described as the ART FUND which purchases and sells paintings and works of art. Bennett said that [redacted] and his wife persuaded him to permit them to invest personal funds in the project and that [redacted] is devoting considerable time to it. It would do Bennett and the company serious financial damage if [redacted] were not permitted to continue. It is especially important that he be at the Art Show in Denmark from 1 May to 15 June 1973. *June*

16. They proposed that they request [redacted] to return next week for consultation. The company has lost the Morman Church account to [redacted], and new accounts are being acquired. [redacted] could be kept away from the D. C. area by immediately assigning him to prepare the SUMMA Summit Conference in late April in Las Vegas. Summa consists of the top executives of the Howard Hughes companies and is the successor in the Hughes empire to the Hughes Tool Company, which was sold. [redacted] with his extensive overseas experience, might also be a speaker. The Summa Conference will be a "dry run" for similar conferences which the Mullen Company is planning to do in representative West Coast cities to acquaint top West Coast executives with matters of interest such as pending legislation, overseas competition and the like. Bennett believes that if May 1 passes without any serious compromise, then nothing will happen. [redacted] could then handle the Art Show in [redacted] from 1 May to 15 June and then to [redacted], or if we prefer to [redacted] where the company has business interests sufficient to support [redacted] Mr. Mullen also recalled our proposal of two years ago for [redacted]

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Mullen and Bennett took the position that while it was easy to ascribe the opening and closing of the [redacted] office to an experiment, it would be difficult to explain closing in Europe where [redacted] "has been trumpeted" among their clients, business prospects and in their literature. It would hurt badly and cost lots of money to end this one. (b)(3)

17. Lukoskie broached the possibility of the company continuing [redacted] as a legitimate employee if the Agency should be unable to locate an appropriate assignment for him. Mullen said that [redacted] does not possess qualifications such as the ability to write, which are requisite in the public relations field, but is an excellent businessman. Lukoskie asked whether [redacted] might assist in servicing the Hughes account. Bennett responded that the Hughes account cannot stand further expenses and some new clients would need to be obtained to support the legitimate employment of [redacted]. The proposal was not rejected, but it was evident that the company prefers the current arrangement which is supported almost entirely by the Agency. Mullen and Bennett both like and admire [redacted] and might employ him if [redacted] employment with the Agency terminates. It was learned that [redacted] discussed with Mullen the possibility of [redacted] resigning from the Agency to accept legitimate Mullen Company employment if the company needs so warranted. (b)(3)

18. Concerning the employment of Howard Hunt in May 1970, Bennett said smugly that he wasn't responsible and Mullen wishes now that he had not hired him. He recalled that as head of the Marshall Plan some 25 years ago, he became acquainted with Hunt. [redacted] (b)(3)

[redacted] approached Mullen concerning the qualifications needed by Hunt for public relations work and possible leads for employment for Hunt who was retiring from the Agency. Mullen stated that [redacted] "twisted my arm pretty hard" and he hired Hunt. Mullen believed that DCI, Helms, wished him to employ Hunt, especially after receipt of a splendid letter of recommendation of Hunt from Mr. Helms who later personally expressed his appreciation to Mr. Mullen for hiring Hunt. Mr. Mullen said he honestly believed, as a result of the pressure exerted by [redacted] that the Agency wished him to resolve problems attendant to Hunt's retirement by hiring Hunt. (b)(3)

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19. The meeting concluded with Bennett stating that if [redacted] cover employment with Mullen is terminated before the mid-June ending of the Art Show [redacted] it will hurt Bennett badly and cost him lots of money. Both then commented that they were "not letting the Agency down. Don't you let us down."

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