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CITE DIRECTOR [] SECTION 01 OF 02.

TO: TEHRAN.

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FOR AMBASSADOR HELMS FROM MAURY

REF: A. DIR []

B. TEHRAN [] (13 Dec - wcy in this file)

C. TEHRAN 2 [] (15 Dec - wcy in this file)

1. AT SENATE ARMED SERVICES COMMITTEE PARTY 13 DECEMBER, I ASKED TOM KOROLOGOS, DEPUTY ASSISTANT TO PRESIDENT FOR LEGISLATIVE AFFAIRS, IF HE COULD THROW LIGHT ON BAKER PROBLEM. HE SAID IN CONFIDENCE BAKER HAD DISCUSSED AGENCY/WATERGATE MATTER WITH HIM AND MADE CLEAR THAT BAKER'S CENTRAL HANGUP IS THIS IS ADVANCED BY COPELAND AND ST. GEORGE THAT AGENCY STAGED WATERGATE IN ORDER TO ENTRAP PLUMBERS. KOROLOGOS INDICATED BAKER MAY HAVE BEEN PARTICULARLY INFLUENCED BY COPELAND ALLEGATIONS.

2. ON 13 DECEMBER, LYLE MILLER, WITH BAKER'S PERMISSION, REVIEWED 190 PAGE TRANSCRIPT OF MARTINEZ TESTIMONY BEFORE [] BAKER. IN GENERAL, MARTINEZ' ACCOUNT OF SIGNIFICANT DEVELOPMENTS

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CONSISTENT WITH AGENCY TESTIMONY AND RECORDS AVAILABLE TO BAKER. MOREOVER, MARTINEZ SAID STURGIS DENIES ALLEGATIONS WHICH ST. GEORGE ATTRIBUTES TO HIM. HOWEVER, MARTINEZ DID STATE TO BAKER THAT HE CONSIDERED TRADECRAFT OF PLUMBERS UNBELIEVABLY FAULTY. FROM THIS BAKER APPARENTLY INFERS THAT THIS FAULTY TRADECRAFT WAS DELIBERATE ON PART OF AT LEAST ONE OF (PARTICIPANTS WHO SOUGHT THEREBY TO LEAD OTHER PARTICIPANTS INTO TRAP. (MARTINEZ FLATLY DENIED ST. GEORGE ALLEGATION THAT HE WAS "ANYONE'S DOUBLE AGENT."

3. UNDERSTAND ANOTHER ADVOCATE OF THE "ENTRAPMENT" THEORY (NOT NECESSARILY ENTRAPMENT BY CIA, BUT MERELY ENTRAPMENT BY A MYSTERIOUS "THIRD FORCE"), IS ED HENLEY, FORMER OGC STAFFER AND MORE RECENTLY SENIOR OFFICIAL WITH MOBIL OIL AND KNOWN TO BE ON CLOSE TERMS WITH BAKER.

4. SEVERAL DAYS AGO IN RESPONSE TO A QUERY FROM TOM BRADEN WE SENT BRADEN A COPY OF MEMO GIVEN SYMINGTON ON 7 NOVEMBER AND QUOTED IN REF A, PARA 4. ON 13 DECEMBER WE RECEIVED FROM BRADEN, WITHOUT COVERING COMMENT, A COPY OF "THE TOM BRADEN REPORT"

(APPARENTLY A NEWSLETTER--UNDERSTAND HE IS NO LONGER ASSOCIATED WITH LOS ANGELES TIMES ALTHOUGH THEY SYNDICATE HIS MATERIAL) OF 11 DECEMBER

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LAST STAND. SEN. BAKER HAS CALLED THE ATTENTION OF ALL THREE ARTICLES TO HIS COLLEAGUES ON THE ERVIN COMMITTEE. COPELAND ALLEGES THAT THE WATERGATE OPERATION WAS CIA'S RETALIATION AGAINST THE WHITE HOUSE FOR SETTING UP THE PLUMBERS AS A RIVAL APPARAT. MCCORD TOOK LIDDY INTO A TRAP," HE WRITES, AND "AFTER ALL, THE CIA SPECIALISTS IN OPERATIONS OF THE PLUMBERS' KIND HAD A LOT TO GAIN BY PUTTING THE WHITE HOUSE CLOWNS OUT OF BUSINESS." ST. GEORGE MAKES A SIMILAR ALLEGATION AND ADDS DETAIL WORTHY OF 007 AND A FLEMING NOVEL: "AH, WELL," HE QUOTES HELMS AS TELLING THE YOUNG WATCH OFFICER WHO TELEPHONED HIM TO REPORT THE BREAK-IN, "THEY FINALLY DID IT...A PITY; THEY REALLY BLEW IT...IF THE WHITE HOUSE TRIES TO

RING ME,...JUST TELL THEM YOU REPORTED MCCORD'S ARREST ALREADY.

SAID I WAS (ITAL) VERY (UNITAL) SURPRISED." SEN. BAKER HAS ~~ALSO~~ ASKED HIS COLLEAGUES TO VIEW A 28-PAGE MEMORANDUM PREPARED BY ONE

OF HIS INVESTIGATORS NAMED GEORGE MURPHY. MURPHY'S FINDINGS, ~~AND~~ BAKER HINTS, IMPLICATE THE CIA. DOES THE THEORY THAT THE CIA IS

AT THE BOTTOM OF THE WATERGATE MAKE SENSE? ^{IT A REASONABLE} IS 85 - 43-9, -?) 3

~~PRESIDENTIAL DEFENSE?~~

RICHARD HELMS HAS TESTIFIED AS FOLLOWS:

I AM PREPARED TO SWEAR THAT NO SUCH CONVERSATION (WITH THE CIA WATCH

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OFFICER) TOOK PLACE. ~~THE QUOTATIONS ATTRIBUTED TO ME~~... WERE NEVER SAID BY ME. OF THIS I AM CERTAIN." FROM THE TIME HE FIRST LEARNED OF THE WASHINGTON BREAK-IN, HELMS HAS BEEN AFRAID THAT IT WOULD BE BLAMED ON HIM. PUT YOURSELF FOR A MOMENT IN HIS SHOES. YOU ARE A CAREER SERVANT. YOU JOINED THE OFFICE OF STRATEGIC SERVICES(OSS) DURING THE WAR AND YOU STAYED ON TO HELP A SERIES OF DIRECTORS BUILD THE FIRST U.S. INTELLIGENCE SERVICE. PRESIDENT LYNDON JOHNSON HAS MADE YOU ITS DIRECTOR. YOU FEEL THE RESPONSIBILITY KEENLY. NOW CONSIDER WHAT HAPPENS TO YOU IN THE SUBSEQUENT ADMINISTRATION. FIRST, AN OLD FRIEND OF THE PRESIDENT, PATRICK GRAY, IS APPOINTED TO BE CHIEF OF YOUR MAJOR RIVAL AGENCY. ONE MONTH LATER, YOU ARE TOLD BY H.R. HALDEMAN THAT THE PRESIDENT HAS APPOINTED ANOTHER OLD FRIEND, GEN. VERNON WALTERS, TO BE YOUR DEPUTY. ANOTHER MONTH LATER, AND JUST AFTER THE BREAK-IN, YOU AND YOUR NEW DEPUTY ARE SUMMONED TO THE WHITE HOUSE. YOU LISTEN WHILE HALDEMAN TELLS YOUR DEPUTY THAT "IT HAS BEEN DECIDED" THAT HE SHOULD GO TO GRAY AND ASK HIM NOT TO INVESTIGATE THE MONEY FOUND ON THE BURGLARS BECAUSE IT MIGHT EXPOSE YOUR OPERATIONS. FOR THE NEXT FEW DAYS, THE WHITE HOUSE CALLS TO DISCUSS THE BREAK-IN AND TO SUGGEST THAT YOU PAY MONEY TO THE FAMILIES OF THOSE ARRESTED. ELEVEN DAYS

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AFTER THE BREAK-IN AND ON THE EVE OF YOUR DEPARTURE FOR A LONG-SCHEDULED TRIP, GRAY CALLS TO CANCEL AN APPOINTMENT YOU HAD MADE WITH HIM. WITH THIS SEQUENCE OF EVENTS IN MIND, WHAT WOULD YOU SUPPOSE? THAT PEOPLE AT THE WHITE HOUSE MIGHT BE TRYING TO BLAME THE WATERGATE ON YOU? THAT'S WHAT HELMS SUPPOSED AND SUPPOSES STILL.

5. ON 14 DECEMBER BAKER MET WITH ROBERT BENNETT, OF MULLEN COMPANY, HIS FATHER SENATOR WALLACE BENNETT AND GEORGE MURPHY TO REVIEW AGENCY MEMOS COVERING OUR RELATIONS WITH MULLEN COMPANY. AFTER MEETING, WHICH LASTED TWO HOURS, BAKER EMERGED AND TOLD LYLE MILLER THAT EVERYTHING BENNETT SAID WAS CONSISTENT WITH WHAT WE HAD TOLD BAKER AND IT WAS BECOMING CLEARER THAT AGENCY NOT INVOLVED WATERGATE BUT BAKER RESERVES OPTION TO PURSUE MATTER FURTHER SINCE HE DOESN'T WANT TO GO TO HIS GRAVE WITHOUT HAVING GOTTEN TO THE BOTTOM OF IT. INDICATING HE STILL RECEIVING INFO APPARENTLY IMPLICATING AGENCY, HE ASKED FRED THOMPSON, MINORITY COUNSEL OF ERVIN COMMITTEE, IF HE SHOULD TELL MILLER "ABOUT THE MONEY." THOMPSON ADVISED HIM NOT TO, REMARKING HE WAS NOT SURE OF HIS SOURCE. WE HAVE NO IDEA WHAT THIS REFERS TO.

6. MANY THANKS FOR REF.C WHICH HAS BEEN DISCUSSED WITH COLBY WHO IS COMMENTING THEREON TO YOU DIRECTLY.

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7. WARMEST REGARDS AND SEASONS GREETINGS. E2 IMPDET.

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