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23-500

21 February 1974

MEMORANDUM FOR THE RECORD

SUBJECT: Office of Finance Records - E. Howard Hunt

1. On the instruction of Mr. Steven L. Kuhn, Chief of Operations, PSI, the undersigned made an appointment for the afternoon of 20 February 1974 to interview Mr. William Caufield, Chief, Certification and Liaison Division, Office of Finance, and Mr. Joseph Hudson of Finance on the subject of Mr. E. Howard Hunt. At the outset of the interview Mr. Caufield advised the undersigned that instruction had been received from the Director of the Office of Finance, Mr. Thomas Yale, that discussion on the subject of Mr. Hunt was to be carried out only with the Office of the Inspector General. Mr. Caufield stated that he had informed Mr. Yale of the requested interview and had received this instruction with the suggestion that the undersigned contact Mr. Yale directly with any inquiry.

2. Accompanied by Mr. Caufield, the undersigned briefed Mr. Yale on the nature of the request and identified the "Task Force" effort being undertaken by the Office of Security in concert with the Offices of the Inspector General and Legislative Counsel. Mr. Yale responded that he recognized the legitimacy of the inquiry. Mr. Yale explained that subsequent to initiation of the complete audit being undertaken by Mr. Quinn of the Audit Staff, the Deputy Director for Management and Services, Mr. Harold L. Brownman, had requested the Office of Finance to discontinue their investigation of Mr. Hunt to avoid duplication. Mr. Yale added parenthetically that it was the nature of Finance Officers not to leave a job half done and that an "informal" inquiry into Mr. Hunt's financial records had nevertheless continued at a more subdued pace.

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3. A review of the circumstances surrounding Mr. Hunt's conversion to Contract Type A employment and assignment was then undertaken by Messrs. Yale, (Caufield), (Hudson) and the undersigned. The contract and payroll files of Mr. Hunt were reviewed for possible indications of the nature of the operational activity undertaken in Madrid. A review of travel vouchers indicated that Mr. Hunt and his family made accountings indicating departure from Washington, D. C., on 5 August 1965 with an arrival in Madrid, Spain, on 16 August 1965. The costs of this travel were charged to the budget of the Western Hemisphere Division, Deputy Directorate for Plans, (Madrid) Station Support account. A subsequent accounting summarized PCS travel expenses and included a payment for apartment rental for 16, 17 and 18 August 1965 with a payment in the amount of \$125 to Mr. (F. Reid Buckley) for this purpose.

4. It was determined that an allottee bank account in Mr. Hunt's name had been established at the Riggs National Bank of Washington. All salary and other non-operational reimbursements were made to Mr. Hunt through sterile check to this account. An operational account was established for Mr. Hunt with the Chase Manhattan Bank of New York City. A review of all payments made to Mr. Hunt through the Chase bank account through Mr. Hunt's operational advance subsidiary account, or 1442 account, had been made. There was no record of any operational accounts or advances being processed through this channel. Mr. Yale stated that this fact defined his concern. He felt that it was inconceivable that Mr. Hunt could have undertaken operational activity without some transfer of or accounting for funds. To date, no such records have been developed. No reference to a project or project digraph or operational FAN number has been located. All expenses connected with Mr. Hunt identified to date were charged to the Madrid Station Support. A review made of Madrid Station records has not indicated any "Developmental and Target of Opportunity (D&TO)" funds or "Other Operational Activity (OOA)" funds expended by or on behalf of Mr. Hunt. These two accounts would normally be the source of operational funding not charged against a specific project activity.

5. A review of all of the travel vouchers on record for Mr. Hunt during this period also failed to identify a project. In addition to the PCS and return vouchers, two other accountings are on record. One accounting covered a trip by the entire Hunt family to Paris "for the renewal of visas." A second voucher covered a TDY trip from Madrid to Washington with return to Madrid made by Mr. Hunt from 5 January to 8 January 1966. The voucher states in the space provided for the citation of the travel order number - "no travel order." The accounting was approved and signed by Mr. Thomas Karamessines, then Deputy Director for Plans. No justification or statement of purpose for this TDY was given on the accounting.

6. Mr. Yale determined that further review of possible sources or identification of operational funding was in order. Mr. Yale gave instructions that the entire 1442 advance account of Mr. Hunt be reviewed for other possible channels of funding outside of the New York Chase account. After discussion, it was agreed that particular attention be taken to any items connected with publishing or book royalties. Mr. Yale noted that the royalty offset waiver provision amended to Mr. Hunt's contract was, in his experience, somewhat unusual.

7. Mr. Yale was informed by the undersigned of the intention to interview Mr. Edward Ryan, currently Chief, Division D, who was at the time of Mr. Hunt's Madrid assignment, Deputy Chief of the Western Hemisphere Division. Mr. Yale suggested that Mr. Davis Powell also be interviewed. The undersigned informed Mr. Yale that this had been done and briefed Mr. Yale on the generally negative results of the interview. Mr. Yale then recommended that Mr. Sam Halpern be interviewed. Mr. Yale noted that Mr. Halpern had been an assistant to Mr. Desmond Fitzgerald when the latter was Chief, Western Hemisphere Division and had accompanied Mr. Fitzgerald when he became Deputy Director for Plans. Mr. Yale recalled that subsequent to Mr. Fitzgerald's passing that Mr. Halpern remained on the staff and acted as an Executive Officer for Mr. Thomas Karamessines. Mr. Yale stated that from his experience, Mr. Karamessines would have delegated all the arranging of "details" surrounding an assignment such as Mr. Hunt's to Mr. Halpern. Mr. Yale offered the parenthetical observation of his surprise at what he interpreted to be reticence to date to interview Mr. Halpern.

8. The undersigned assured Mr. Yale that he would be informed of any information identifying any possible project activity developed in subsequent investigation. Mr. Yale stated that any information in this area would greatly facilitate the job of checking computerized financial records.



Lawrence J. Howe