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25 March 1971

**MEMORANDUM FOR: Director of Security****VIA : Assistant Deputy Director for Plans****SUBJECT : Mr. Robert A. Maheu****REFERENCE : C/CCS memorandum, same subject, dated  
17 March 1971**

03 1. After further consideration of the problems posed by the investigation of Mr. Robert A. Maheu by Intertel and Mr. Michael G. Merhige's association with that company for cover, I would like to recommend that a somewhat fuller briefing be given to Mr. Mullin than originally envisioned in my memorandum of 17 March. It seems clear to us that an investigation of Mr. Robert A. Maheu's activities in Quito, as contemplated by Mr. Mullin, will reveal that:

a. Mr. Jaime Duran, an Ecuadorian "ten percenter-type" (who worked closely with Mr. Merhige 08 in Quito) is hostile to Robert A. Maheu Associates because Duran believes himself to have been badly treated by Robert A. Maheu Associates on a cable TV project in which he shared an interest.

b. The sum of \$10,000 was deposited in the First National City Bank of Quito by Maheu as a kind of "earnest" money (prior to Mr. Merhige's 24 arrival.) This money was to assure Mr. Duran of the continuing interest of Robert A. Maheu Associates in the cable TV project. 03 On the day of his departure from Quito, [Mr. Merhige] withdrew the \$10,000 in local currency [by 24 cashier's check made out to Robert A. Maheu Associates.] This transaction was at the request of [Maheu Associates and the]

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[cashier's check was sent to Maheu Associates by Mr. Merhige via registered mail on 7 January 1971. It is important to note Mr. Duran can be expected to comment in some adverse way on this subject. Moreover, we have no positive knowledge if this money was originally Mr. Maheu's, Mr. Hughes', or some combination thereof.]

3. We believe that Mr. Mullin should be given a more complete briefing on the relationship between CIA and Robert A. Maheu Associates as it pertains to (Mr. Merhige), including (Mr. Merhige's) current status as an employee of CIA. We believe this will encourage Mr. Mullin to handle any information he develops about (Mr. Merhige) with greater discretion. Moreover, should the results of Mr. Mullin's investigation present him with a conflict between the interests of his employer and CIA, Mr. Mullin may be in a better position to recognize that conflict and consult with us before either disclosing the information or pursuing a matter of potential embarrassment to CIA.

4. Officers in this organization who know and have dealt with Mr. Mullin vouch for the honesty of Mr. Mullin's willingness to do what he can to prevent unnecessary exposure of CIA's interests. Although he has been described by Agency staffers who know him as "not a mental giant," they believe he will cooperate even to the extent of advising us of the results of his investigations where our vital interests may be concerned. It should also be considered that Mr. Maheu is currently under investigation in Las Vegas and we have no way of knowing what connection with CIA may be disclosed by a search of Robert A. Maheu Associates' files. It would be highly desirable to have someone in Intertel on the alert for matters of concern to CIA which might be developed by the broad investigation of Robert A. Maheu Associates currently under way.

5. It is my proposal, after consultation with Mr. James P. O'Connell, DD/PTOS, that Mr. Mullin be briefed on the cover relationship between Robert A. Maheu Associates

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and <sup>03</sup>(Mr. Merhige), and <sup>03</sup>(Mr. Merhige's role in the removal of the \$10,000 from the bank in Quito). The briefing would be done by Mr. O'Connell and a member of my staff. Naturally, nothing of an operational nature will be revealed to Mr. Mullin.

/s/ ERICH W. ISENSTEAD

Erich W. Isenstead  
Chief, Central Cover Staff

Cc: ADDP  
C/WH