

Why is the Copley Press unique?
Name another news organization that had 23
intelligence agents masquerading as
"reporters" on its payroll!

THE SPIES WHO CAME IN FROM THE NEWSROOM

BY JOE TRENTO AND DAVE ROMAN

A year-long *Penthouse* investigation has revealed that an American newspaper chain and its overseas news service acted as intelligence arms of the Central Intelligence Agency and the Federal Bureau of Investigation.

The *Penthouse* inquiry established that Copley Press, Inc., which includes the *San Diego Union* and *Evening Tribune* newspapers, and its subsidiary, the Copley News Service:

- Provided credentials, information, and placement of stories for the CIA and the FBI.
- Exchanged intelligence information with the CIA for "scoops" and planted CIA and FBI stories and editorials.
- Harbored CIA operatives on the payroll of the Copley News Service and fed stories to news-service clients at the request of the CIA and the FBI.

Furthermore, *Penthouse* learned that the Copley News Service (which was a financial failure) was inspired by a meeting between President Eisenhower and the late James S. Copley (the publisher and sole owner of Copley Press) for the purpose of supplementing CIA activity.

Meetings and phone calls between Copley and Eisenhower are outlined in still-secret documents, which were examined by *Penthouse*. These documents confirm:

- That Copley volunteered his newly formed news service as "the eyes and ears" against "the Communist threat in Latin and Central America" for "our intelligence services."
- That Eisenhower told Copley that "your favors are appreciated by the country and will be reciprocated when possible."
- At subsequent meetings other aides suggested that Copley News Service provide credentials for CIA and Defense intelligence agents as "cover for our operatives."

Those meetings and phone calls led to full cooperation between Copley and his privately held empire and the U.S. government at least until his death in 1973.

According to retired intelligence-agency sources, Capt. E. Robert ("Andy") Anderson, the czar of Copley Press's San Diego operations, drew on his background in naval intelligence and ran the cooperative intelligence effort during the early years. Anderson, like many other Copley executives, refused to be interviewed for this article. He is now retired.

"The hiring of military people to run his newspapers and his news service was something that Jim inherited from his father," Lyle Erb, the former corporation secretary for Copley Press, told *Penthouse*. Copley's father, Col. Ira Copley, had requisitioned OSS officer Robert Richards to run his Washington bureau before the end of World War II. And Gen. Victor ("Brute") Krulak, onetime head of liaison between the Joint Chiefs of Staff and the intelligence services, succeeded Captain Anderson as editorial director of Copley Press in 1968. Krulak (who retired from Copley in June) was described by members of the Forty Committee, which oversees the U.S. intelligence apparatus, "as the expert in anti-Castro guerrilla activities in the early 1960s for the Kennedys."

Sources indicate that while there had been intelligence cooperation between Copley and the CIA prior to the 1953 Eisenhower meetings, it was not organized until CNS was founded. *Penthouse* learned from very well placed CIA sources that no less than twenty-three Copley News Service employees had worked for the CIA simultaneously. Out of the 194 U.S.

Illustration by Fred Olivas

newsmen having CIA connections. CNS was the only organization that the CIA had "full cooperation with" for nearly three decades.

Ken Reiley, Copley's editorial consultant, told *Penthouse*: "It was fashionable to cooperate with government agencies including the CIA, and I wouldn't be surprised if Copley helped out, too."

Gene Gregston, former editor of the *San Diego Union*, confirms that CNS had been a "money-losing operation." Gregston said that as "long as I have known about CNS, it has lost money every year."

Gregston told *Penthouse* that CNS "was never run to make money; it was an ego thing for Jim Copley, and the CIA wanted it. A lot of people around here have at least heard of the connections."

General Krulak denied that either CNS or he had ever "knowingly" had any CIA links. Krulak said that "to the best of my knowledge, at least during the time I have been with it and as far back as I can research it, Copley News Service has never furnished information to the CIA." Krulak then went into "nondential denial," saying that he cannot speak for individuals or stringers who worked for CNS.

One man identified as a CIA member was David Clement Hellyer, who was CNS's first Latin American editor. According to CIA sources, Hellyer was an operative for the CIA and OSS for a decade before he joined CNS in 1953.

Hellyer finally left Copley for other CIA assignments, which ranged from being a student in Brazil in 1960 to becoming the final editor of the CIA-funded *Santiago South Pacific Mail* between 1964 and 1966. David Atlee Phillips, the former chief of the Western Hemisphere division for the agency and editor of the paper, told *Penthouse*: "I can't talk about Dave Hellyer."

Hellyer also refused to comment one way or the other on his role within the agency. Today he works as an editorial consultant in Del Mar, Calif., and says only this: "I will not confirm or deny your charges. I have nothing to say about them."

Hellyer was not the only CNS employee who had unusually close relations with the CIA. The current Latin American editor for CNS, William Giandoni, a former psychological warfare officer, admitted that he not only tried to join the CIA in 1950 but also actually fed information to CIA operative William Kelly in 1961 concerning the forthcoming Bay of Pigs invasion.

In addition to placing stories for the CIA, Copley News Service acted as the "eyes and ears" for the CIA when it came to reporting on what other publications might be picking up on agency activities in Latin America.

For example, Giandoni repeatedly reported to Kelly on his trips to Central America and Guatemala prior to the Cuban invasion. The CIA in turn informed Giandoni that it was training Cuban exiles for an invasion of Cuba and that "the invasion would come in the spring."

Contrary to popular belief, it was not the *New York Times* that first learned of the exile invasion. It was the *San Diego Union*. Unlike the *Times*, however, it did not take a personal request from President John Kennedy to keep the Copley News Service from distributing the story. Giandoni gladly acceded to the CIA's request for secrecy, writing stories which downplayed the idea that any invasion was in the works at all and proposed that such speculative stories were "false."

Giandoni's "courtesy" to the company was rewarded in a big way. Thanks to the CIA, Copley reporter Charles Keely won the Raymond Clapper Memorial Award for warning the world that the Soviet Union had troops and nuclear-tipped rockets in Cuba. Keely was given the story by CIA operatives.

Newsmen frequently trade information with sources. Charles Keely has nothing to trade. Keely said that he could not say "for sure if the story was CIA inspired or not. But

"Copley News Service was never run to make money," said one former Copley editor. "The CIA wanted it."

I have never had one that big since."

However, through CIA sources *Penthouse* traced back Charles Keely's news sources and learned that they included a Cuban professor who was of advanced age and had long been on the CIA payroll. The professor then sent Keely to others in the closely knit Cuban refugee community to "confirm the story." The "others" included CIA agents who had actually seen and, in one case, worked on the rocket and warhead storage installations in the San Cristóbal Mountains.

The feeding of the Cuban Missile crisis story was not unusual for the CIA and Copley. According to one reporter who was with a major broadcast organization and had also worked with the CIA, "This relationship was very well known by other newsmen who did things for the people at Langley."

CNS reporters often acted as if they were doing CIA public relations. When the CIA decided to overthrow a Latin American government, CNS would begin writing unfavorable articles about it. Editorials would appear on the pages of the *Tribune* and *Union* in San Diego, warning of the dire consequences of Communists in Latin

America. Then articles on "freedom fight" and "anti-Communist opposition" would appear on the CNS wires. When the coup came, Copley editorials rejoiced.

Jim Copley acted on behalf of the CIA in a number of more serious efforts to influence foreign governments. Through his leadership in the Inter American Press Association, which had been described as "pure CIA," Copley cultivated the leaders of the right-wing Latin American press. One of his great friends was Agustin Edwards, the publisher of *El Mercurio*, the important Chilean daily.

Copley introduced Edwards into right-wing American society on a major scale. Through Copley, Edwards got into the good graces of Richard Nixon and Donald Kendall, chairman of the board of Pepsico.

Edwards, according to CIA sources, eventually got more than \$2 million help for the CIA war against the Marxist Allende régime in Chile. And through Copley, Edwards was invited to a meeting with John Mitchell, Kissinger, and Nixon in which plans were made to destroy Allende and his régime.

Copley Press's relations with the FBI are as intriguing as its CIA connections. It was out of deference to J. Edgar Hoover that Jim Copley did not integrate the Washington Bureau into CNS until 1962. According to Lyle Erb, Copley and Hoover became friends through Washington Bureau Chief Bob Richards. Copley understood that Hoover was sensitive about the CIA's taking over the FBI's World War II role of intelligence in Latin America. For this friendship Copley received rewards from Hoover in the way of story tips.

One such tip turned into a fiasco for Copley. A young *Union* reporter, Gene Fuson, was led to believe that Lavrenti P. Beria (the infamous head of Stalin's secret police) was in Spain and wanted to come to America and speak out against communism. In the fall of 1953, Fuson flew to Spain to meet with a supposed Beria intermediary. Fuson—who now works for KNXT-TV in Los Angeles—carried with him documents that came from Sen. Joseph McCarthy and guaranteed the conditions of Beria's surrender.

According to Fuson's own by-lined stories in the *Union*, these extraordinary conditions (which seem more appropriate for an FBI agent than a working reporter) specified that: "Under no circumstances were the U.S. State Department or the Central Intelligence Agency to be informed"; that "we were to deal directly with J. Edgar Hoover and the FBI only"; and that "the four fugitives were to be delivered directly to the FBI."

Of course, Beria was not in Spain (he was in a Soviet prison camp), and Fuson flew back to the U.S. empty-handed. En route to California, he stopped in Washington to report to Senator McCarthy, leading one to wonder exactly for whom this "reporter" was working. The entire story had turned into one more embarrassment for the paper.

But cooperation with the FBI grew. In 1964 Hoover suggested that Copley hire Frank Price, the retiring director of the FBI office in San Diego, as a "security consultant." In several phone calls that year, Hoover warned Copley that the racial tensions would turn into political violence and told him, "You had better be ready."

Part of "being ready" was for Copley to turn over photographs, reporters' notes, and other data on demonstrators and dissidents in the antiwar and minority communities in San Diego.

Penthouse learned from photographers and reporters at the Copley Press that Price and Krulak ran a system of intelligence gathering for the FBI. Called "the little FBI" inside Copley Press, it consisted of hundreds of thousands of reporters' words and photographers' pictures that were never published and were forwarded by Price to Hoover's staff.

According to Lyle Erb, "Price could get you anything you could want on any employee. I remember he got me some information that had presumably come from the FBI."

Price and Krulak's program was not carried out simply by the papers' executive talent. News management played a big role in directing what went into the FBI memos and what kind of pictures could be taken. Two of Richard Nixon's staff, former *Union* editor Herb Klein and current editor and former assistant press secretary Gerald Warren, forwarded memos under the arrangement.

One reporter had been impressed when editorial director Krulak had called to comment on a demonstration at the University of California at San Diego. "Then I realized that something was wrong when a colleague told me the six-page, single-space memo I typed was going to the FBI. It was really a shock," the reporter recalled.

Tribune editor Kinne confirmed that the memo program went on. "It did happen; I was on the *Union* in those days and recall it as not a pleasant time around here. I never felt comfortable with Price or the program."

Besides wondering about the memos that were being prepared for the FBI, reporters were curious about what was happening when their stories did not get in the paper or appeared in drastically reduced versions. In 1968 one reporter wrote a story about marine recruiters being heckled at a local college and found his long story shortened to just four "graphs." Yet he had been asked to provide a memo listing the names of those present at the demonstration and an estimate of crowd size.

Reporters were under instructions from Klein and Warren to "be alert, write down everything you hear, listen for names, and determine the strength of protest movements."

In 1970 editor Chafin Wallace told former *Union* reporter Peter Brown that memos were going to the FBI. "I would write memos on various demonstrations," recalls Brown, and "Wallace would tell me they were going to the FBI." When asked

for his comment, Wallace told *Penthouse* to "go screw yourself."

The FBI also used Copley to release "raw" and often unverified data about individuals of whom it didn't approve. One conduit for this information was Ray McHugh, former Copley News Service Washington bureau chief and now editor of *American Legion Magazine*. McHugh was given raw data about Daniel Ellsberg's attorney, Leonard Boudin, and his daughter. (Ellsberg was the man tried—and acquitted—for turning the Pentagon Papers over to the *New York Times*.) The raw data implied that Boudin was a Communist sympathizer and contained unfavorable information about his daughter. Hoover was so ecstatic about getting the information out through CNS that he sent copies of the story to H. R. Haldeman and former Attorney Gen. John Mitchell.

Penthouse also learned from Copley and FBI sources that the FBI had placed editorials in the Copley Press against the Black

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Panthers and other groups.

Current *Union* editor Warren says, "I vaguely remember the memo system," but he refuses to elaborate. He insists that editors have the obligation to provide publishers with whatever they ask, saying, "If you know anything about the newspaper business, you would know that."

Pressed about the contents of the memos, Warren said, "A lot has happened in my life since then, and I just can't recall the specifics." But former editor Gene Gregston said that "we all suspected the stuff was going to Price and the FBI."

A second area of FBI cooperation involved Copley's photographers. According to numerous photographers and editors, picture assignments were not made in the normal manner. Photographers would be asked to make blowups of demonstrators so that faces could be identified. These copies were forwarded to Krulak's office and on to Price, who classified them and sent them to Washington.

Stan Griffin, who was director of photography at the height of the demonstrations, said that the operation was so loosely run that "it could have easily happened. I wouldn't be surprised. Frank Price could

get anything he wanted on that paper. They would do anything to make friends."

Former photographer Fred Gates said that after he had been told to blow up faces, "then I caught on that something wasn't right. I asked one of the other photographers what was going on, and he told me they went to the publisher's office, where a former FBI guy passed them on to the FBI in Washington."

Current *Union-Tribune* photographer Thane McIntosh says that forwarding of the pictures to the FBI was something "that all the photographers suspected. Some were disturbed about it and some were not, but you couldn't help participating. You had the assignment; so you had to do it. There was no proof at that time that it wasn't a legitimate assignment, and because of our suspicions at the time, we would have loved to have something written down."


One Copley photographer was asked to supply pictures to the Los Angeles Police Department. The photographer chose to quit rather than cooperate.

Former Copley photographer Robert Learn remembers "taking pictures of demonstrators, and they would never run in the papers. We shot rolls and rolls of film and would never see the photos in print." Learn said that *Union* editors told him that the pictures would be used to see if the same people were taking part in demonstrations elsewhere in the country. Learn said that "word finally filtered down that the stuff was going to government agencies." Learn covered his last rally and said, "I got fed up and told them, 'Here are your mug shots. If you want me to work for security, that is okay, but let's cut out the bullshit.'"

Today many of those who participated in the FBI/CIA connection are still employed at Copley Press. Helen Copley said that she was reassured by the CIA that "none of our people have ever worked for them." General Krulak denies all references to him.

Yet the record shows that some of Copley's dirty laundry has emerged in public. A gag order by Copley management attempted to halt one reporter's efforts to get full disclosure of journalists collaborating with the CIA. Vi Murphy, special writer on Mexico, said that she was told in February 1976 that she could "never utter another public statement or another three-letter word spelled CIA as long as she was an employee of the *Union*."

The San Diego Newspaper Guild challenged the gag order and was told by the papers that violation of the gag order would result in suspension, loss of her Mexico beat, and "dire consequences."

But Murphy says she will continue her fight: "If the press had fought for disclosure of collaborating journalists as diligently as they fought to find out what happened in Watergate, this issue would have been settled a long time ago." 
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