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EXHIBIT NO. 130

28 June 1972

MEMORANDUM FOR RECORD

On 26 June at about 10:00 a.m. I received a phone call from Mr. John Dean at the White House. He said he wished to see me about the matter that John Ehrlichman and Bob Haldeman had discussed with me on the 23rd of June. I could check this out with them if I wished. I agreed to call on him in his office in Room 106 at the Executive Office Building at 1145 that morning. Immediately after hanging up, I called Ehrlichman to find out if this was alright and after some difficulty I reached him and he said I could talk freely to Dean.

At 1145 I called at Dean's office and saw him alone. He said that the investigation of the Watergate "bugging" case was extremely awkward, there were lots of leads to important people and that the FBI which was investigating the matter was working on three theories:

1. It was organized by the Republican National Committee.
2. It was organized by the CIA.
3. It was organized by some other party.

I said that I had discussed this with Director Helms and I was quite sure that the Agency was not in any way involved and I knew that the Director wished to distance himself and the Agency from the matter. Dean then asked whether I was sure that the Agency was not involved.

I said that I was sure that none of the suspects had been on the Agency payroll for the last two years.

Dean then said that some of the accused were getting scared and "wobbling". I said that even so they could not implicate the Agency. Dean then asked whether there was not some way that the Agency could pay bail for them (they had been unable to raise bail). He added that it was not just bail, that if these men went to prison, could we (CIA) find some way to pay their salaries while they were in jail out of covert action funds.

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I said that I must be quite clear. I was the Deputy Director and as such had only authority specifically delegated to me by the Director and was not in the chain of command but that the great strength of the Agency and its value to the President of the nation lay in the fact that it was apolitical and had never gotten itself involved in political disputes. Despite the fact that I had only been with the Agency a short time, I knew that the Director felt strongly about this.

I then said that big as the troubles might be with the Watergate Affair, if the Agency were to provide bail and pay salaries, this would become known sooner or later in the current "leaking" atmosphere of Washington and at that point the scandal would be ten times greater as such action could only be done upon direction at the "highest level" and that those who were not touched by the matter now would certainly be so.

Dean seemed at first taken aback and then very much impressed by this argument and said that it was certainly a very great risk that would have to be weighed. I repeated that the present affair would be small potatoes compared to what would happen if we did what he wanted and it leaked. He nodded gravely.

I said that, in addition, the Agency would be completely discredited with the public and the Congress and would lose all value to the President and the Administration. Again he nodded gravely.

He then asked if I could think of any way we (CIA) could help. I said I could not think of any but I would discuss the matter with the Director and would be in touch with him. However, I felt that I was fully cognizant of the Director's feelings in this matter. He thanked me and I left.

Vernon A. Walters
Lieutenant General. USA

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