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Drafted by
Buchin

If asked:

The President believes that the Attorney General and the Department of Justice are fully capable of carrying out their responsibilities in connection with alleged abuses that have come up in connection with intelligence community investigations. There is no need for a Special Prosecutor or any other ad hoc process to deal with the issues raised by these investigations.

Approved RF



EXPLANATION OF LEGAL ASPECTS OF REVELATIONS
OF CLASSIFIED INFORMATION BY THE PIKE COMMITTEE

which was given to the

Revelation of classified information ^{Branch agencies} ~~by the~~ Pike Committee ^{by} ~~the~~ Executive Branch agencies when the President has certified that the protection of such information is important to the national security constitutes a violation of an agreement between the Committee and the Administration. The agreement was reached after the Committee unilaterally revealed certain classified information. After this revelation, the Executive Branch had declined to furnish any further classified information to the Committee. The Executive ended this embargo when the agreement was reached. Violation of this agreement, as such, is not a violation of any criminal law, and, therefore, no prosecution is possible on this ground.

Executive Order No. 11652, issued pursuant to the President's inherent power in the fields of national defense and foreign affairs, established the current system of classification. This system has been recognized by Congress in several statutes. Under this Executive Order, declassification may legally be accomplished only by certain officials in the Executive Branch. Therefore, it is inaccurate to state that the Committee "declassified" anything. What it did was reveal information publicly which is still classified.

However, except in cases involving certain specified types of classified information (e.g., communications intelligence), it is not a violation of any existing criminal law to disclose classified information except under limited circumstances. Current



statutes prohibit the disclosure of classified information by a government employee only if made to an agent of a foreign power. The law prohibits such transmission by a non-employee only if done with intent to injure the United States or aid a foreign government. Therefore, a criminal investigation would not seem appropriate in this case. ~~(The President will be submitting legislation soon designed to enhance legal protection for certain types of classified information.)~~

Furthermore, when information is revealed by a Congressional committee as part of its legislative function, its members and staff would generally be shielded from criminal prosecution by the Speech and Debate clause of the Constitution. (This immunity would certainly, however, not cover unauthorized leaks by a committee staff member.) However, the fact that, under certain conditions, Congressional committee members and staffers are immune from criminal and civil liability is not equivalent to legal authority to declassify.



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URGENT

INTELLIGENCE A205 2ND LEAD 440

PMS IN-

BY JIM ADAMS

ASSOCIATED PRESS WRITER

WASHINGTON (AP) - THE HOUSE INTELLIGENCE COMMITTEE TODAY APPROVED RECOMMENDATIONS FOR CREATION OF A PERMANENT PANEL TO KEEP WATCH ON INTELLIGENCE OPERATIONS AND POSSIBLE CENSURE OR EXPULSION OF HOUSE MEMBERS WHO LEAK SECRETS.

BY AN 11-2 VOTE, THE COMMITTEE APPROVED A RECOMMENDATION PROPOSED BY CHAIRMAN OTIS G. PIKE, D-N.Y., THAT A HOUSE MEMBER WHO REVEALS SECRET INFORMATION "THAT JEOPARDIZES THE NATIONAL SECURITY OF THE UNITED STATES MAY BE CENSURED OR EXPELLED BY A TWO-THIRDS VOTE OF THE HOUSE."

MEANWHILE, CHAIRMAN FRANK CHURCH OF THE SENATE INTELLIGENCE COMMITTEE CALLED FOR APPOINTMENT OF A SPECIAL PROSECUTOR TO INVESTIGATE AND PROSECUTE ANY CRIMES COMMITTED BY THE CIA, FBI AND OTHER GOVERNMENT AGENCIES WITH INTELLIGENCE FUNCTIONS.

THE PRESENT SYSTEM UNDER WHICH JUSTICE DEPARTMENT ATTORNEYS ARE INVESTIGATING ABUSES UNCOVERED BY VARIOUS PROBES OF THE INTELLIGENCE COMMUNITY "JUST WILL NOT WORK," CHURCH SAID IN A SENATE SPEECH.

AT THE SAME TIME, SECRETARY OF STATE HENRY H. KISSINGER SAID HE FAVORS CREATION OF A JOINT CONGRESSIONAL COMMITTEE TO MONITOR U.S. INTELLIGENCE ACTIVITIES, BUT EXPRESSED OPPOSITION TO LEGISLATION THAT WOULD GIVE AN OVERSIGHT PANEL PRIOR NOTICE OF COVERT OPERATIONS.

PIKE'S PROPOSAL FOR POSSIBLE CENSURE OR EXPULSION OF HOUSE MEMBERS WAS OPPOSED BY REPS. JAMES P. JOHNSON, R-COLO., AND RONALD V. DELLUMS, D-CALIF.

DELLUMS SAID THE RECOMMENDATIONS WOULD ALLOW THE KIND OF "POLITICAL HACHET JOB" THAT HE SAID WAS MOUNTED AGAINST REP. MICHAEL HARRINGTON, D-MASS., FOR DISCLOSING PAST CIA ACTIVITIES IN CHILE. PROCEEDINGS BROUGHT BY A FELLOW CONGRESSMEN SEEKING DISCIPLINARY ACTION AGAINST HARRINGTON WERE DROPPED ON A TECHNICALITY.

THE HOUSE COMMITTEE, WHICH GOES OUT OF BUSINESS NEXT WEDNESDAY, APPROVED BY A VOICE VOTE THE RECOMMENDATION TO CREATE A PERMANENT HOUSE INTELLIGENCE COMMITTEE TO CONDUCT OVERSIGHT ON ALL U.S. INTELLIGENCE GATHERING ACTIVITIES AND COVERT OPERATIONS.

KISSINGER TOLD THE SENATE GOVERNMENT OPERATIONS COMMITTEE THAT LEGISLATION CREATING AN OVERSIGHT COMMITTEE SHOULD BE ACCOMPANIED BY LAWS BARRING LEAKS OF INTELLIGENCE SECRETS.

THE SECRETARY SAID HE SUPPORTS A PRESENT PROVISION THAT PROVIDES FOR "TIMELY" NOTIFICATION OF CONGRESS ABOUT COVERT OPERATIONS. "ANY PROPOSAL BASED ON THE IDEA OF EXECUTIVE MANAGEMENT BY CONGRESS IS IN MY JUDGEMENT A MISTAKE," KISSINGER SAID.

IN RESPONSE TO QUESTIONS FROM CHAIRMAN ABRAHAM RIBICOFF, D-CONN., KISSINGER SAID THAT IN PRACTICE, TIMELY NOTIFICATION COULD MEAN PRIOR NOTIFICATION. BUT HE SAID HE WAS OPPOSED TO WRITING INTO LAW A PROVISION THAT WOULD PREVENT THE ADMINISTRATOR FROM UNDERTAKING A COVERT OPERATION WITHOUT FIRST INFORMING CONGRESS.

IN HIS SENATE SPEECH: 10TH GRAF.
1318PES 02-05



SATURDAY'S INTELLIGENCE MEETING

The President will hold a meeting on Saturday, at 2:00 p.m., for a two-hour discussion of foreign intelligence issues. This meeting will be another step in his comprehensive review of the foreign intelligence community.

The President's principle foreign affairs and national security advisers are expected to attend, along with ~~certain~~^{key} White House staff members.

The issues of oversight and restrictions, organization and management, relationships between the Executive and Congress, and others will be discussed. *Timetable ~~may~~ be clarified after meeting*

GUIDANCE

The Vice President has been invited, but will be out of town.

The following are expected to attend: Kissinger, Rumsfeld, Levi, Scowcroft, Lynn, General Brown, Colby, Buchen, Marsh, Hyland, Duval. Simon may attend.

Because the subject matter is highly classified and sensitive, there is likely not to be any briefing following the meeting. No press photo coverage is planned.



For guidance as to tone and
Approach to Pike Subpoena
issue:

12/8

referred
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THIS however

On Monday, December 8, the Chairman of the House Select Committee on Intelligence, The Honorable Otis G. Pike, filed in the House a report citing Henry A. Kissinger in contempt of Congress for failure to supply subpoenaed documents to his Committee.

Chairman Pike's report raises a serious issue which can have far-reaching impacts on the Nation's foreign policy and the relationship between the Congress and the Executive Branch. Therefore, it is important to consider, dispassionately, the facts involved in this issue.

On November 7, the House Select Committee served seven subpoenas on various agencies of the Executive Branch. They contained a return date of November 11, thus giving the agencies two working days to produce a massive amount of highly classified documents. Four of the subpoenas were fully complied with, but the Committee held there was not substantial compliance for three -- two which were directed to the National Security Council, and one to the State Department. Subsequently, there has been substantial compliance with the two NSC subpoenas, and this means that the controversy now is centered solely on the State Department subpoena.

The State Department subpoena is for documents containing recommendations for covert operations from the Department to the National Security Council. The documents do not involve the current Administration but, rather, span the years 1962 through 1972.



President Ford, after receiving the advice of the Attorney General, asserted Executive privilege over these documents. Thus, Secretary Kissinger is following a Presidential directive when he declines, as custodian, to turn over the documents.

In an effort to cooperate with the Committee's investigation, the President has made available additional information from NSC files -- which was not covered by any of the NSC subpoenas -- designed to give the Committee the substance of what they are seeking from the State Department documents. Thus it is possible for the Committee to continue and complete its investigation without State Department documents, which are covered by the President's assertion of Executive privilege.

Because the Committee can get the information it needs, and since the Secretary of State is acting in accordance with an order of the President, based on his Constitutional powers, it would be wrong to go forward with this contempt citation.



THE "KISSINGER" SUBPOENA

CHRONOLOGY

- 11/6 - Seven subpoenas voted by the Pike Committee -- directed to the State Department, the NSC and CIA.
- 11/7 - Subpoenas served.
- 11/13- Letter from White House Counsel, Philip Buchen, to Mr. Pike requesting additional time to comply.
- 11/14- President asserted Executive privilege over documents involved in the "State Department" subpoena.
- 11/14- Pike Committee adopts resolutions to the effect that Secretary Kissinger has not complied with three subpoenas: one directed to the State Department and two to the NSC. There was compliance with the remaining four subpoenas.
- 12/2 - Pike Committee acknowledges that there has been substantial compliance on all subpoenas except the one for which Executive privilege asserted.
- 12/6 - In response to letters from Chairman Pike, the President offered in a letter by Buchen, to make additional information available which is intended to cover the substance of the "State Department" subpoenas.

REMAINING ISSUE

There is no longer any issue involving the two "NSC" subpoenas. The remaining controversy concerns the "State Department" subpoena for "...All documents relating to State Department documents recommending for covert actions made to [NSC committees] from January 20, 1961 to the present." Documents which fall into this category are from the Kennedy, Johnson and Nixon Administrations. The President instructed Secretary Kissinger not to provide the documents to the Committee because of Executive privilege.

ADMINISTRATION EFFORTS TO COMPLY

There has been compliance with six out of the seven subpoenas.

In connection with the seventh -- for which Executive privilege was asserted -- the Committee has been given information from the NSC files on the substance of what they are investigating.



This has been provided under the Administration's response to the "NSC" subpoena in order to make information available. This was intended to be responsive to the substance of the "State Department" subpoena.

EXECUTIVE PRIVILEGE ISSUE

The Supreme Court has stated that the doctrine of Executive privilege is "constitutionally based." Without it the Executive Branch could no more function as a separate but equal organ of the government than could the Congress operate if the Executive were entitled to inquire into the staff and committee deliberations.

Some of the memoranda covered by the subpoena were addressed to former Presidents and others to close advisors. They all contain advice and recommendations concerning the course of action which the President should pursue. None of the subpoenaed documents are from the Ford Administration.

There is no historical or legal basis for the principle that an incumbent President can only assert the privilege with respect to his own administration. As early as 1846, a President declined to produce to the Congress information concerning a prior administration; the same action was taken by Presidents Truman and Kennedy.

In declining to make the requested documents available, Secretary Kissinger was acting at the direction of the President. In thus obeying what appears on its face -- on the basis of both judicial decisions and historical precedent -- to be a lawful instruction, Secretary Kissinger is not guilty of contempt.

In the 200 years of our Nation's existence, no cabinet officer has ever been cited for contempt of Congress. It would be a serious mistake, harmful domestically and in our foreign relations, to punish the Secretary of State for complying with a Constitutional Presidential directive.



Ron:

Mike Duval provides the following on Pike Committee:

Jim Wilderotter and Gene Davis of NSC are testifying today and expect to get hit hard.

Two areas:

1. Pike will charge we are out of compliance on State Dept. subpoena, which covers 8 documents concerning covert activities. Our guys have a Buchen letter which says "WH has identified 8 cases where recommendations for covert activities were made." Letter does not say whether the President (not Ford) approved or disapproved. Our guys will say we have these documents under study and we need another week of subpoena.
2. Pike will charge NSC misled Committee. Our guys will say there was confusion as to whether they were referring to Presidential or NSC files.

FYI ONLY: The subpoena in question concerns Rusk to Johnson memos. Duvall says we will probably have to invoke Executive Privilege. A memo on that is going to President today. Duvall adds that Pike is probably right on NSC misleading Committee, adding "the NSC was less than candid."

Our line remains: We believe we are in substantial compliance on six of the subpoena. On the seventh, we are working closely with the Committee.

Larry



Q Are you talking about the Pike Committee report or the analysis?

MR. NESSEN: The President has not seen either one. What has been printed in the paper has been scanned here at the White House and found to contain a number of inaccuracies and distortions. More generally speaking, I think you know that the White House has cooperated really to an extreme limit with the Pike Committee and the other intelligence investigations on the Hill.

In order to guard against a risk of damage to American foreign policy and security interests, there was an agreement reached between the President and Chairman Pike which provided for review of committee requests for classified information or requests to declassify information by the White House.

It is our understanding that under this agreement the President should have had a chance to review the classified material in this report before it was leaked to the newspapers.

The President, I think, gave his own views on such leaks in the State of the Union speech when he said he considers that these continued leaks and disregard of necessary secrecy -- he talked about the secrecy that we must have to protect intelligence systems, our foreign policy and our security--that these leaks do the gravest damage to our intelligence capabilities and to our foreign relations.

The leak, I think, again raises a question that we have talked about here before. It does raise questions about how do you meet Congress' desire to play a role in intelligence oversight when, at the same time, the President does have the obligation to protect the legitimate national security interest of the United States.

This is not a question of giving necessary information to Congress or to the American people. It is a question of not having this information reach people overseas who don't have our own best interest in mind.

Q Could I respectfully suggest you have not answered my question because my question dealt specifically with the Secretary of State and whether the President was concerned about it. It did not really deal with national security.

My question was, is the President concerned about a report in that draft that the Secretary of State, contrary to his sworn testimony, initiated wiretaps on Government officials and reporters.

MORE

#420



THE WHITE HOUSE
WASHINGTON

11: 45 a.m. - Tuesday

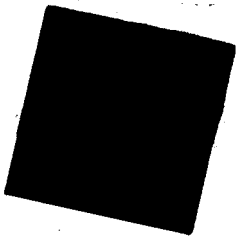
Mike Duval called.

He said: Church is sending a letter to the President today (we expect it in about an hour) informing the President of the Select Committee decision to refer the assassination report to the full Senate and Executive Session with a recommendation that it be made public.

Church will also present his own views on why it should be made public in his letter to the President.

Senator Church will publicly release his letter and the President's letter of October 31 today.

I recommend that you release the President's letter from here as soon as possible.



MIKE DUVAL

P

Ron, I gave Larry this info & he is pulling together copies of the President's ltr but will not release it until you say.

QUESTIONS CONCERNING INTELLIGENCE AGENCIES

1. Is the National Security Agency intercepting domestic telephone calls of United States citizens?
- 1A If so, what does the President plan to do about it?
2. Is the President aware of such activity by the NSA in the past?
3. Can you confirm that the principal targets of the NSA intercepts were members of the anti-war community?
4. Will the President be addressing these invasions of personal privacy when he finally issues his executive orders to correct problems uncovered by the Rockefeller Commission?
5. Isn't electronic surveillance of any American citizen illegal unless you have a warrant or unless you can show that the person has a "significant connection" with a foreign government?
6. Did the White House abandon its support for Jerry Wilson to be head of the Drug Enforcement Administration because of surveillance activities by the Metropolitan Police Department.





INTELLIGENCE

1. Why are you changing Colby now? Have you found additional information that we don't know about?
2. Have you lost confidence in him?
3. Are you going to make additional intelligence agency moves? Are you going to change how the agency functions? Reports to the President?
4. What are they?
5. What are HAK's and Scowcroft's roles going to be in the intelligence business? Is it going to be business as usual?
6. Won't HAK continue to have a major influence?
7. Will Bush's role as Director of CIA exceed the authority the current Director, Colby, has?
8. Does this mean a real change in the structure of the intelligence community?
9. Does the President agree with VP Rockefeller's assessment that the current Congressional investigations of the intelligence community have harmed the nation's ability to defend itself?
10. The President has said he wants to clean up the intelligence community to prevent abuses. Is putting a former Chairman of the RNC in as Director of CIA the way to do this?
11. Why is the President trying to cover up the intelligence community abuses in the areas of the assassination reports, covert actions and NSA?
12. Does this mean you think Colby was responsible for all the abuses by the CIA over the years?

INTELLIGENCE - 2

13. Schlesinger and Colby have been praised for trying to get rid of abuses in the CIA and disclose the abuses publicly. Now you fire them. Why are you trying to cover up for the CIA?
14. Senator Church says the firing of Colby is part of your coverup of CIA abuses. Is that true?



To Ron-N
Fact

There are no plans to replace William Colby as Director of the Central Intelligence Agency, a White House spokesman said today.

The President has full confidence in Mr. Colby and has not directed that a replacement be found for him, the spokesman said.

The questions about Colby's future resulted from news stories today which ^(quoted sources as saying) ~~he would be replaced, after changes~~ are ~~in the CIA, and the rest of the~~ ~~is not a report~~



Ford Plans New Controls Over the CIA

By David S. Broder

Washington Post Staff Writer

UP-010

(FORD)

(BY HELEN THOMAS)

WASHINGTON (UPI) — PRESIDENT FORD SERIOUSLY IS CONSIDERING NAMING FORMER NIXON CABINET OFFICIAL GEORGE SHULTZ TO HEAD UP AN OVERHAULED CENTRAL INTELLIGENCE AGENCY, IT WAS LEARNED TODAY.

FORD IS PLANNING TO UNVEIL SHORTLY A SERIES OF NEW ADMINISTRATIVE AND LEGISLATIVE ACTIONS HE IS CONTEMPLATING TO SHAKE UP THE CIA AND TO REVISE SOME OF ITS OPERATIONS AS A RESULT OF RECENT REVELATIONS.

SHULTZ, PRESIDENT OF THE BECHTEL CORP. OF SAN FRANCISCO, IS RELUCTANT TO RETURN TO GOVERNMENT SERVICE. HE HEADED THE UNIVERSITY OF CHICAGO BUSINESS SCHOOL AND SERVED AS LABOR SECRETARY, DIRECTOR OF THE WHITE HOUSE OFFICE OF MANAGEMENT AND BUDGET AND TREASURY SECRETARY.

BOTH FORD AND SECRETARY OF STATE HENRY KISSINGER REPORTEDLY FEEL SHULTZ HAS THE PROPER QUALIFICATIONS FOR THE SENSITIVE TOP POSITION. HE IS CURRENTLY THE PRESIDENT'S REPRESENTATIVE FOR THE PLANNING SESSIONS FOR INTERNATIONAL ECONOMIC MONETARY MEETINGS IN PARIS LATER THIS YEAR.

FORD TODAY MEETS WITH HIS CABINET AND IS EXPECTED TO URGE MEMBERS TO HELP PROMOTE HIS \$28 BILLION TAX CUT PACKAGE WITH A FEDERAL SPENDING CEILING. HE RETURNED TO THE WHITE HOUSE YESTERDAY EVENING AFTER A TRIP OF SEVERAL HOURS TO KNOXVILLE, TENN., WHERE HE MET WITH SEVEN APPALACHIAN GOVERNORS AND URGED PASSAGE OF THE PROGRAM.

FORD FLIES TO DETROIT FRIDAY FOR ANOTHER ONE-DAY TRIP INCLUDING AN ADDRESS TO A REPUBLICAN FUND-RAISING DINNER AND A REGIONAL NEWS CONFERENCE.

UPI 10-08 08:47 RED



U7

Bella Abzug Hearings Concerning FBI and NSA Activities

CURRENT POSITION CONCERNING ASSERTION OF EXECUTIVE PRIVILEGE

The assertion of executive privilege was made necessary by the overly broad subpoenas, which required the production of hundreds of thousands of documents, many of which related to the most sensitive national security matters and with a time limit which made review of all the documents impossible. A fair reading of the subpoenas would have called for all of the records maintained by the National Security Agency since its inception--a most sensitive area by any standard. A special statute applies to this area. The Department of Justice many months ago notified Congresswoman Abzug that because of the statute, ^{in all fairness} testimony ought first be taken in executive session.

Representatives of the Executive Branch at the direction of the President immediately and continually have indicated a willingness to identify areas of legitimate concern on the part of the Committee and to separate them from those areas of serious national security concern. This was made clear in letters both from the Department of Defense and the Department of Justice.

In the course of negotiations with the subcommittee staff, they indicated that their area of interest relates to the activities of the government involving United States



citizens and resident aliens. This is an area in which both testimony and documents can be provided to the subcommittees.

Because of the possibility that some documents and testimony from cable companies could impair the kinds of interests that led the President to invoke executive privilege, the companies were requested to honor this invocation so that appropriate safeguarding procedures could be worked out.

Companies did have some info covered by Espionage Intelligence Act. Wanted to make sure this was protected from disclosure, not from delivery to Congress.



Pentagon Role Reported In '70 Plot Against Allende

By NICHOLAS M. HORROCK

Special to The New York Times

WASHINGTON, Sept. 2

THE PRESIDENT. In the first place, I did receive a random, or legal opinion, from the Department of Justice which indicated that in the opinion of the Department of Justice, the documents, tapes—the ownership of which were in the hands of the former President. And actually, that has been the case for all Presidents. In the negotiations for the handling of the tapes and documents were undertaken and consummated by my staff and the staff of the former President. I believe that they have been properly preserved, and they will be available for subpoena for any criminal proceeding. Now, the Department of Justice's staff has indicated some concern. I am saying tonight that my staff is working with the Department of Justice's staff to try and alleviate any concerns they have. I hope a satisfactory arrangement can be worked out.

PREVIOUS STATEMENTS ON PARDON

THE PRESIDENT. Mr. President, during your confirmation hearings before the Senate, you said that you did not think that the country would stand for a President to pardon his predecessor. Has your mind changed about such public opinion?

THE PRESIDENT. In those hearings before the Senate Committee on Rules and Administration, I was asked a hypothetical question. And in answer to that hypothetical question I responded by saying that I did not think the American people would stand for such an action.

Now that I am in the White House and don't have to answer hypothetical questions but have to deal with reality, it was my judgment, after analyzing all of the facts, that it was in the best interest of the United States to take the action that I did.

I think if you will reread what I said in answer to that hypothetical question, I did not say I wouldn't. I simply said that under the way the question was phrased, the American people would object.

But I am absolutely convinced when dealing with reality in this very, very difficult situation, that I made the right decision in an effort—an honest, conscientious effort—to end the divisions and the turmoil in the United States.

Source: Peter Lisagor, Chicago Daily News.

SAFEGUARDING OF TAPES AND DOCUMENTS

THE PRESIDENT. Mr. President, is there any safeguard in the tapes and documents that was made with Mr. Nixon, first, with their destruction in the event anything happens to him, because

any concerns they have as to their disposition and their availability.

The agreement as to destruction is quite clear-cut. As long as Mr. Nixon is alive and during the period of time that is set forth, they are available for subpoena by a court involving any criminal proceedings. I think this is a necessary requirement for the protection of evidence for any such action.

THE CIA AND CHILE

Q. Mr. President, recent Congressional testimony has indicated that the CIA, under the direction of a committee headed by Dr. Kissinger, attempted to destabilize the Government of Chile under former President Allende.

Is it the policy of your Administration to attempt to destabilize the governments of other democracies?

THE PRESIDENT. Let me answer in general. I think this is a very important question.

Our Government, like other governments, does take certain actions in the intelligence field to help implement foreign policy and protect national security. I am informed reliably that Communist nations spend vastly more money than we do for the same kind of purposes.

Now, in this particular case, as I understand it—and there is no doubt in my mind—our Government had no involvement whatsoever in the Allende coup. To my knowledge, nobody has charged that. The facts are we had no involvement in any way whatsoever in the coup itself.

In a period of time, 3 or 4 years ago, there was an effort being made by the Allende government to destroy opposition news media, both the writing press as well as the electronic press, and to destroy opposition political parties.

The effort that was made in this case was to help and assist the preservation of opposition newspapers and electronic media and to preserve opposition political parties.

I think this is in the best interest of the people in Chile and, certainly, in our best interest.

Now, may I add one further comment.

The 40 Committee was established in 1948. It has been in existence under Presidents since that time. That committee reviews every covert operation undertaken by our Government, and that information is relayed to the responsible Congressional committees where it is reviewed by House and Senate committees.

It seems to me that the 40 Committee should continue in existence, and I am going to meet with the responsible Congressional committees to see whether or not they want any changes in the review process so that the Congress, as

LIBRARY
Sept 16, 1974 press conf.

U.S. Near Decision on Helms

Justice Probing Whether to Indict CIA Ex-Chief

WALTER H. HADLEY, N.C.
ROBERT H. HARRIS, N.C.
GARY HART, N.D.
RICHARD S. SCHWEIKER, PA.
WILLIAM C. MILLER, STAFF DIRECTOR

United States Senate Congress

SELECT COMMITTEE TO
STUDY GOVERNMENTAL OPERATIONS WITH
RESPECT TO INTELLIGENCE ACTIVITIES
(PURSUANT TO S. RES. 21, 94TH CONGRESS)
WASHINGTON, D.C. 20510

app
ack. by
Pete Head
3/13 10:45

March 12, 1975

The President
The White House
Washington, D. C.

Dear Mr. President:

On behalf of the Senate Select Committee To Study Governmental Operations With Respect To Intelligence Activities, Senator Tower and I want to thank you for the opportunity we had on March 5 to discuss the work of the Committee. I want to express my personal appreciation for the direct and forthright manner in which you addressed some of the initial questions that lay before the Select Committee, and your willingness to assist the Committee to meet its responsibilities under the mandate of S. Res. 21.

We are in agreement that the work of the Committee should proceed as expeditiously as possible and the Committee is gratified at the full and complete cooperation that we have received from the Executive agencies up to this point. In every respect thus far, the agencies have been fully cooperative with the Committee and the staff and I believe this augers well for a constructive and expeditious conclusion to our inquiry.

At our meeting on March 5th with you, we discussed the general areas in which the Committee would need initial documentation. As we discussed, our first requirements are to determine the legal basis for the activities for the intelligence agencies of the United States Government. In this regard, it will be helpful to the Committee to receive from whomever you may designate, the documents, files, and other papers that might be required to fully determine the legal basis for the activities of United States intelligence agencies. With the unanimous approval of the Committee, I respectfully request that the documents on the attached list directly relevant to the inquiry authorized by S. Res. 21, be supplied to the Committee at the earliest opportunity.

With kind regards,

Sincerely,

Frank Church
Frank Church



ATTACHMENT

1. The report furnished to the President by Director Colby in January 19
2. All Executive Orders, National Security Decision Memoranda (NSDMs) or Intelligence Directives (NSCIDs), and other White House* directives pertaining to the charter, structure or guidelines for any overt or covert foreign or domestic intelligence agencies or activities.
3. All Executive Orders, National Security Council memoranda and directives, and other White House instructions pertaining to the structure, functions or organization of intelligence policy organizations within the Office of the President, including the Forty Committee and the Washington Special Action Group (and their predecessor organizations, e.g., the Operations Coordinating Board, Special Group, 54/12 Group, 303 Committee, etc.).
4. Organization charts and staffing patterns (for the present and, to the extent reasonably convenient, back to 1947) for all intelligence-related organizations within the White House (NSC, Forty Committee, OEP, WSAG, etc.) including names of key officials and staff personnel.



*"White House" as used in this listing is meant to include the President, the Office of the President, including the Assistant to the President for National Security Affairs, the National Security Council and the Office of Management and Budget.

COMMISSION ON CIA ACTIVITIES WITHIN THE UNITED STATES

Washington, DC 20500

May 22, 1975

Mr. Ronald H. Nessen
Press Secretary to the President
The White House

Dear Ron:

It was good to see you again. I appreciated your interest in questions relating to possible release of the Commission's report.

I will proceed under Mr. Belin's direction along the lines which you outlined.

As I understand it, your present thinking is that, if the President decides to release the report, the Commission would schedule and handle the advance press briefing. I assume the Commission would be responsible for drafting the press release, and your office would clear it, assist in its reproduction as needed and provide other backup, if called for.

The briefing might be on a Thursday with a hold-for-release for Sunday ams to provide adequate reading time while minimizing leak-time. The Vice President, Commission members and the Executive Director would participate in the briefing. You suggested that we may wish to hold the briefing in EOB 450.

Reprint publishers would be provided with the report text at the same time as the press.

You indicated no problems with acceptance by the Vice President and Mr. Belin of invitations to appear on "Meet The Press" and "Face the Nation" respectively, should they be so inclined following any release of the report.


I am informing Mr. Belin of your feeling that there may be an immediate need for up to 20 copies of the report at the time that it is submitted to the President.

As I mentioned, we plan to have GPO print 3,000 copies of the report as soon as the President notifies the Commission that he approves its release. These will satisfy the immediate press and government needs. Obviously, the press briefing would have to be scheduled for a date by which these copies would be available.

Thanks again for your help.

cc: Mr. Belin
Mr. Morrow

Sincerely,


Peter A. Clapper
Director of Public Affairs



THE WHITE HOUSE

WASHINGTON

June 9, 1975

revised

MEMORANDUM FOR: THE PRESIDENT

FROM: PHILIP W. BUCHEN

P.W.B.

Attached are three preliminary drafts of a proposed statement for you to make at the beginning of your press conference tonight. They are at varying length and in some respects make different points so I thought you might want to look at all of them for the suggestions they offer.

cc: Robert Hartmann



June 9, 1975

Three days ago the "Commission on CIA Activities Within the United States" presented me with its 299-page report. I have decided to make this report public and have directed that an initial press run be made in order to provide copies for distribution on _____.

This report covers the results of the Commission's investigation into the most significant areas of CIA activities within the United States over the period of 1947 to the present. The Commission has given me detailed findings and conclusions based on the evidence which it obtained, and it has made 30 specific recommendations for my consideration.

The report does not deal with the extensive operations of the CIA outside the United States or with the collection and evaluation of foreign intelligence from far-flung sources throughout the world. The Commission was established to examine only those activities of the CIA which, if not properly controlled, could do harm within the United States and infringe on the basic rights of our citizens.

Over the next few weeks I shall be giving serious consideration to each of the Commission's recommendations and will make my decisions in that regard.

In addition to the evidence covered in the final report of the Commission, the Commission's staff did obtain evidence bearing on alleged plots for



assassination of certain foreign leaders. However, the investigation into this subject is not completed and was primarily concerned with the domestic aspects of what may have occurred. Thus, the full story was not available to the Commission but I intend to make such evidence as the Commission staff found to the Congressional Select Committees along with any additional evidence available in documents within the Executive Branch under the same terms and conditions as have prevailed for other evidence dealing with sensitive matters under investigation by the Select Committees. Also the same material will be submitted to the Attorney General for his consideration.

So far as this administration is concerned, I can assure the American public that whatever the evidence may show as to past actions, I am firmly opposed to the use or encouragement of assassination as a tool of U. S. policy. It is ^{not} necessary for anyone now in public office to know what may have happened in the past before reaching this conclusion. Now that I have read the final report of the Commission, I do want to commend the Commission members and the Commission staff for the monumental and significant task which they have completed. Their efforts represent, in my judgment, a major contribution to an understanding of the need for meeting our vital national security requirements while at the same time preserving unimpaired our democratic ideals and safeguards.



THE WHITE HOUSE

WASHINGTON

June 9, 1975

Three days ago the "Commission on CIA Activities within the United States," presented me with their 297 page report. I have decided to make this report public and I have directed the Government Printing Office to have copies available for distribution no later than Wednesday morning.

I shall study the serious recommendations that the Commission has made as to action that can be taken to prevent any reoccurrence of the improper activities that have been revealed and I shall make my decisions as to those recommendations at an early date.

In addition, I shall ask the Attorney General to study all the evidence gathered by the Commission on any matter, to determine whether criminal prosecution should be undertaken against any person.

The Commission also turned over to me the evidence that it gathered concerning alleged assassination plans that may have been undertaken by federal employees, stating that it did not finish its investigation. Accordingly, I have instructed the



White House Counsel's Office to gather all documents and other evidence that can be found in the Executive departments on this subject. All this material, including that gathered by the Commission, will be available for review by the Senate Select Committee that is investigating the intelligence community at an early date.

As soon as I have evaluated all these materials I shall discuss them with Congressional leaders and report my views to the American people. Until that time, I will not have anything further to say on any of these matters.



Draft Opening Statement For Monday Night Press Conference on CIA

Last Friday the Commission on CIA Activities within the United States presented their report to me. I have reviewed the report this weekend and will make it available to the public by next Wednesday.

I want to thank the Vice President and the other members of the Commission and staff for their extensive work in compiling this report. I think it will be obvious to all those who read it that the Commission has done a very thorough job of investigating allegations that the CIA exceeded its authority and conducted domestic operations in violation of its statute. I found the report to be fair, direct, frank and balanced.

I am also asking each of the Federal Agencies and Departments affected by the report to carefully study its recommendations and to report back to me within two weeks as to what actions they believe should be taken to prevent any recurrence of the improper activities that have been discovered.

In addition, I should ask the Attorney General to study all the evidence gathered by the Commission to determine whether any criminal prosecution should be undertaken against any individuals.



In addition to investigating the original allegations of improper domestic activities by the CIA, the Commission at my request reviewed allegations concerning possible involvement in assassination attempts. The Commission did not have the time or the resources to complete that investigation. At my request, they have turned over to me all of the evidence they have concerning these allegations.

Because the investigation of assassination allegations is incomplete and because the allegations are enormously sensitive and could have diplomatic ramifications, I have decided not to release any materials relating to these allegations at this time. However, I have instructed my Counsel to review all documents and other evidence in the Executive Branch on this subject. This material together with that collected by the Rockefeller Commission will be made available in accordance with agreed upon procedures to the Congressional Committees now investigating the Intelligence Community.

I would hope that those Committees will exercise the same discretion I have in revealing information of an extremely



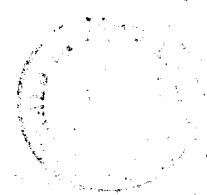
sensitive nature. I do not think it would be proper for me to in any way characterize decisions of previous Administrations based upon hindsight. I would prefer to leave it to the historians to determine those kinds of judgments.

For my part, I want to assure the American people that I am unalterably opposed to political assassinations in any form. This Administration will never use such means as instruments of national policy.

Once I receive the recommendations of the Departments and Agencies on possible changes in legislation or administrations orders, I will make a public statement. At that time, it is my intention to recommend to the Congress those steps I believe necessary to insure that the Intelligence Community functions in a way designed to protect the Constitutional rights of all Americans. I want to emphasize once again my deep personal conviction that the CIA and other units of the Intelligence Community are vital to the national interest of the country. In the months ahead as we take the



required steps to insure the proper functioning of the Intelligence Community, all of us should remember that we must also guarantee that the United States maintains an intelligence capability sufficient to protect our national interest.



DRAFT OPENING STATEMENT FOR MONDAY NIGHT PRESS CONFERENCE ON CIA

On Friday the "Commission on CIA Activities within the United States" presented ~~its~~ ^{ITS} report to me. I read the report this weekend, and will make it available to the public, the Congress ~~and the press~~ ^{I have decided it shall be made} ~~and the press~~ ^{It will be released} tomorrow.

I want to thank ~~my~~ the Vice President and the other members of the Commission and their staff. It will be obvious to all those who read ~~the report that~~ ^{The report that} the Commission has done an extensive job of looking into the allegations that the CIA exceeded its authority by conducting domestic operations in violation of its statute. My reading of the report leads me to the conclusion that the Panel has been fair, frank and balanced.

I will ask the Attorney General to study the materials gathered by the Commission to determine whether ~~any~~ ^{any} action should be undertaken against any individuals.

I am asking each of the Federal Agencies and Departments affected by the report to ~~study~~ study its recommendations and to report back to me with their comments on the report.



In addition to investigating the original allegations of improper domestic activities by the CIA, the Commission, at my request, ^{subsequently} looked into allegations concerning possible domestic involvement in assassination attempts. The Commission has reported that it did not complete every aspect of that investigation. The materials they have developed concerning these allegations have been turned over to me. ^{These materials are classified SOD U. 1}

~~(materials by the Rockefeller Commission regarding alleged assassinations)~~ together with other materials available in the Executive Branch, will be made available to the Senate Select Committee in accordance with agreed upon procedures.

Because the investigation of assassination allegations is incomplete and because the allegations involve extremely sensitive matters, I have decided that it is not in the national interest to ^{To make public} ~~release~~ materials relating to these allegations at this time. *However under procedure that serve the Nat interest*

I hope that the members of the Congress involved will exercise utmost prudence in handling ^{such} ~~the~~ information. ^{However} ~~fairness~~ ^{however} requires that we not, based on hindsight, characterize decisions made in previous Administrations. ~~Historians will make these judgments.~~



As I have stated previously,
~~For my part~~ I am opposed to political assassinations.
This Administration has not and will not use such means as
instruments of national policy.

~~After I have studied the recommendations of the Commission,~~
~~I will order or submit~~ *Further*
~~it is my intention to recommend to the Congress any measures~~ *the*
~~I find necessary~~ *measures* to insure that the Intelligence Community
functions in a way designed to protect the Constitutional
rights of all Americans.

It remains
~~I state~~ again my deep personal conviction that the CIA and
other units of the Intelligence Community are vital to the *survival*
of this country. ~~In the months ahead~~ as we take the steps necessary
to insure the proper functioning of the Intelligence Community,
~~we should remember that~~ we must also be certain that the
United States maintains the intelligence capability necessary
for the full protection of
~~to protect fully~~ our national interests. *(X)*

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Why not extend Com.

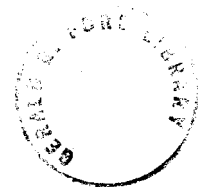
revised

Draft Opening Statement For Monday Night Press Conference on CIA

On Friday the Commission on CIA activities within the United States presented their report to me. I have read the report this weekend, and will make it available to the public, the Congress and the press this Wednesday.

I thank the Vice President and the other members of the Commission and their staff for their work in developing this report. It will be obvious to all those who read it that the Commission has done a thorough job of looking into the allegations that the CIA exceeded its authority and conducted domestic operations in violation of its statute. My reading of the report leads me to the conclusion that the Panel has been fair, direct, frank and balanced.

I am asking each of the Federal Agencies and Departments affected by the report to carefully study its recommendations and to report back to me within two weeks with their comments on the report and their recommendations as to what actions they believe should be taken to prevent any recurrence of the improper activities that have been discovered.



In addition, I will ask the Attorney General to study all the evidence gathered by the Commission to determine whether any action should be undertaken against any individuals.

In addition to investigating the original allegations of improper domestic activities by the CIA, the Commission, at my request, reviewed allegations concerning possible involvement in assassination attempts. The Commission has reported that it did not have the time or the resources to complete that aspect of their investigation. They have turned over to me the evidence they have concerning these allegations.

Because the investigation of assassination allegations is incomplete and because the allegations are sensitive and could have diplomatic ramifications, I have decided not to release materials relating to these allegations at this time. However, I have instructed my Counsel to review all documents and other evidence in the Executive Branch on this subject. This material together with that collected by the Rockefeller Commission will be made available in accordance with agreed upon procedures to the Congressional Committees investigating the Intelligence Community.



I hope that those Committees will exercise equal discretion in their handling of this information. I will not in any way characterize decisions of previous Administrations based upon hindsight. I will leave it to the historians to make those kinds of judgments.

For my part, I assure the American people that I am unalterably opposed to political assassinations in any form. This Administration has not and will not use such means as instruments of national policy.

After receiving the recommendations of the Departments and Agencies on possible changes in legislation or administrative orders, it is my intention to recommend to the Congress those steps I believe necessary to insure that the Intelligence Community functions in a way designed to protect the Constitutional rights of all Americans.

I state again my deep personal conviction that the CIA and other units of the Intelligence Community are vital to the national



interest of the country. In the months ahead as we take the steps necessary to insure the proper functioning of the Intelligence Community, we should remember that we must also assure that the United States maintains an intelligence capability sufficient to protect our national interest.



revised

Draft Opening Statement For Monday Night Press Conference on CIA

On Friday the Commission on CIA activities within the United States presented their report to me. I have read the report this weekend, and will make it available to the public, the Congress and the press ^{BY} ~~the~~ Wednesday.

I thank the Vice President and the other members of the Commission and their staff ~~for their work in developing this~~

~~report~~ It will be obvious to all those who read it that the Commission has done a ^{good} ~~good~~ job of looking into the allegations that the CIA exceeded its authority and conducted domestic operations in violation of its statute. My reading of the report leads me to the conclusion that the Panel has been fair, ~~and~~ frank and balanced.

← insert

I am asking each of the Federal Agencies and Departments affected by the report to carefully study its recommendations and to report back to me ~~with their comments~~ with their comments on the report ~~and their recommendations as to what actions they believe~~ ^(X) ~~should be taken to prevent any recurrence of the improper activities~~ that have been discovered.



~~_____~~ I will ask the Attorney General to study all the evidence gathered by the Commission to determine whether any action should be undertaken against any individuals.

In addition to investigating the original allegations of improper domestic activities by the CIA, the Commission, at my request, reviewed allegations concerning possible involvement in assassination attempts. The Commission has reported that it did not ~~have the time or the resources to~~ complete that aspect of their investigation. They have turned over to me the evidence they have concerning these allegations.

Because the investigation of assassination allegations is incomplete and because the ~~allegations are~~ ^{involve extremely} sensitive and ^{matters} could have ~~serious~~ ^{IT IS NOT IN THE NATIONAL INTEREST} ~~domestic~~ ^{to release} ~~implications~~, I have decided ~~to~~ ^{to} release materials

relating to these allegations at this time. ~~However, I have instructed my Counsel to review all documents and other evidence in the Executive Branch on this subject. This material together with that collected by the Rockefeller Commission will be made available in accordance with agreed upon procedures to the Congressional Committees investigating the Intelligence Community.~~

*Chairman
and Ranking Member
Vice Chairman of Senate Select
Com.*



A
 I hope that ~~these~~ ^{these} Committees will exercise ~~equal discretion~~ ^{with most prudence} in their handling of ~~the~~ ^{such} information. I will not in any way characterize ~~decisions~~ ^{decisions} of previous Administrations based upon hindsight. I will leave it to the historians to make those kinds of judgments.

For my part, ~~assure the American people that~~ I am unalterably opposed to political assassinations ~~in any form~~. This Administration has not and will not use such means as instruments of national policy.

^{I've completed my study of} ~~Commission~~ ^{and consulted all}
 After ~~receiving~~ the recommendations of the ~~Departments and~~ ^{Commission} ~~Agencies~~ on possible changes in legislation or administrative orders, it is my intention to recommend to the Congress those steps ~~I believe necessary~~ to insure that the Intelligence Community functions in a way designed to protect the Constitutional rights of all Americans.

I state again my deep personal conviction that the CIA and other units of the Intelligence Community are vital to the national



interest of the country. In the months ahead as we take the steps

necessary to insure the proper functioning of the Intelligence

Community, we should remember that we must also ~~be sure~~ ^{be certain} that

the United States maintains an intelligence capability ~~sufficient~~ ^{both adequate}

^{to} protect our national interest.



Q. Will the Church Committee be given original documents or xerox copies?

A. The Legal Counsel's Office will maintain custody of all original documents. Information turned over to the Church Committee such

as transcripts of interviews, will be copies of the originals. *(would give original to DCs in case needed for protection another transcript turned over this morning to Church Com.)*

Q. What kind of security do you have to see that none of these documents are misplaced or that they get into the hands of individuals who are not cleared to see them?

A. The material is under 24-hour Secret Service protection while it was in the custody of the Rockefeller Commission. The same kind of protection will be afforded it here at the White House. In addition, the files will be kept in safes or file cabinets which are designed to hold classified material. Someone from the Legal Counsel's office will be present when members of the Church Committee or the Justice Department are reviewing the documents. However, we do not contemplate any problems of security regarding this information.

Q. Will any of those individuals who had their phones tapped or in any other way had their civil rights violated, be able to seek redress from the Federal Government?

A. That will be something for the Justice Department to decide.

(FYI ONLY: In the case of the newsmen whose phones were tapped, the incidents go back 13 and 16 years respectively, considerably beyond the five year statute of limitations. It is doubtful if any thing will ever come out of this, but the Legal Counsel's Office says we should send this question to the Justice Department. END FYI)



updated later

Office of the Assistant to the Director

(703) 351-7676

(703) 687-6931

(Advance for Release on Delivery Scheduled for 10:00 a.m., EDT, on
Wednesday, August 6, 1975)

Statement

by

W. E. Colby

Director of Central Intelligence

before

House of Representatives

Select Committee on Intelligence

August 6, 1975

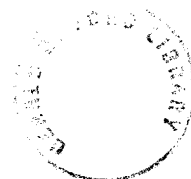


Mr. Chairman:

At your request, I am here today to discuss the Central Intelligence Agency itself, with particular emphasis on its budget and financial procedures. The Agency, of course, rests on the statutes passed by the Congress in the National Security Act of 1947 and the Central Intelligence Agency Act of 1949.¹

The National Security Act of 1947 established the National Security Council and, under it, the Central Intelligence Agency. The Agency's mission was described, under the direction of the National Security Council, in the following terms: to advise the Council; to make recommendations for the coordination of the intelligence activities of the departments and agencies; correlation, evaluation, and dissemination of intelligence; performance of services of common concern centrally; and, in what was deliberately a broad grant of authority, the performance of "such other functions and duties related to intelligence affecting the

¹ There have been certain other specific statutes covering CIA, such as the CIA Retirement Act of 1964 and, of course, the amendment to the Foreign Assistance Act passed in December 1974, with respect to CIA activities other than intelligence gathering. In an amendment to the Law Enforcement Assistance Act passed in 1973, specific provision was made that the Central Intelligence Agency not participate in any LEAA assistance to local law enforcement bodies in the United States.



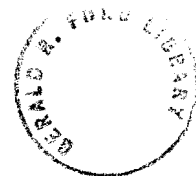
national security as the National Security Council may from time to time direct." The Act specifically provided that the Agency have no police, subpoena or law enforcement powers or internal security functions. The departments and other agencies of the Government, however, would continue to collect, evaluate, correlate and disseminate departmental intelligence, which should be open to the inspection of the Director of the CIA.

CIA was conceived as a central agency drawing upon the other members of the Intelligence Community, but having a unique capability to perform certain of the missions expected. Its predecessor, the Office of Strategic Services during World War II, was the model upon which it developed, and it included intelligence collection, intelligence analysis, intelligence production, and covert activities in the political and paramilitary fields. The techniques of secret operations and on many occasions the specific individuals and organizations with whom such operations must be conducted are the same as those which provide secret intelligence. In the earliest years of CIA, there was an attempt to conduct these in a separate organizational compartment from the other work of CIA, but General Walter B. Smith found that this produced friction, duplication

and inefficiency, so he merged the functions of collection with these other "functions and duties."

Mr. Chairman, this chart outlines the organization of CIA. I believe most of the titles are self-explanatory. You will note that the two staffs that support the Director's Community responsibilities are separate from the rest of CIA. There is obviously a great deal of contact and information flowing from CIA to these staffs, but they are separate entities. In particular, we have made an effort to include within these community-oriented staffs representatives of the other agencies in the Intelligence Community.

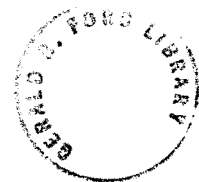
The major work of the CIA is carried out in the four main Directorates. I will be discussing their work with you in great detail in executive session, including the numbers of personnel and the specific programs. In line with my comments on Monday, I believe it important that these matters be discussed in public session in broad and general terms in order to give public awareness of our activities. In order, their main functions are the analysis and production of finished intelligence, the work of the Directorate of Intelligence; the conduct of our clandestine overseas operations and the supporting structures necessary in



the United States, in the Directorate of Operations; a special Directorate of Science and Technology which combines the analysis of foreign information in these important fields with research and development of new technical systems for acquiring or analyzing information; and the last, the Directorate of Administration, with the normal administrative services of communications, personnel, finance, logistics, etc. Many of these "normal" aspects of administration, of course, need to be done in somewhat special ways in support of the clandestine operations and requirements of this Agency.

Mr. Chairman, this chart outlines the various functions carried out in CIA. Intelligence is by far our major function these days, and you can see that it is broken down into the collection of the types of information noted, the processing of this information both technically and intellectually by our corps of analysts, and the final production of finished intelligence, i.e., the product which goes to the customer. Whereas most of our final product does depend upon classified sources and consequently is classified, we have made an effort to publish in unclassified form such material as we could. I have with me today a collection of various of our unclassified publications for your inspection and possible interest. These formal publications, and the much larger

number of classified ones which I will show you separately, are supplemented by the briefings we provide within the Executive Branch and to a number of the Committees of the Congress. In these briefings, we do not discuss the details of our operations or the specifics of our sources, but we do use the most sensitive intelligence in order to draw together all information available to the United States Government on some foreign question. This was the original concept of central intelligence, and it has worked with great effectiveness in practice. It means, however, that when you examine one of our publications, and especially our unclassified publications, the information therein also depends upon the other military and civilian agencies contributing to our total knowledge. It would be misleading to indicate that the intelligence result available to us depended only on the investment made in the CIA itself. The management functions of CIA are those normal to any large organization, supplemented by CIA's and my role in the Community as a whole. CIA also carries out centrally certain services of common concern to the Community where it is more efficient to conduct these under one roof than to establish duplicative organizations in each member agency.



The covert action mission has been mentioned before, of course. Mr. Chairman, CIA was heavily engaged in this activity during the days of massive confrontation of the 1950's and the period of counterinsurgency in the 1960's. In recent years, however, the change in the world situation has been such that CIA's activities in this field have dropped to a very low percentage of our efforts. I do believe it important, however, Mr. Chairman, that the United States retain this potential, as I could easily envisage further changes in the world situation which could once again make it important that our Government be able to help some group in a foreign land struggling against a hostile or extremist group there, which could threaten the safety and well being of the United States; for example, through terrorism or even nuclear proliferation. I believe it important that our Government in such cases have, as I have stated before, some option between a diplomatic protest and sending the Marines.

Mr. Chairman, the CIA has been the target of a veritable torrent of sensational charges. This is not solely a recent phenomenon, although it certainly has enormously increased in these past few months. The Rockefeller Commission examined one of these areas, i.e., whether the CIA was engaged in a "massive illegal domestic intelligence operation." I would respectfully refer you to page 10 of that Report for its overall conclusions. The Commission stated that: "A detailed analysis of the facts has convinced the Commission that the great majority of the CIA's domestic activities comply with its statutory authority. Nevertheless, over the 28 years of its history, the CIA has engaged in some activities that should be criticized and not permitted to happen again." The Commission said that some of these activities were initiated or ordered by Presidents, either directly or indirectly, some fell within doubtful areas, and some were plainly unlawful. The Commission noted that the Agency's own recent actions have gone far to terminate the activities upon which its investigation was focused.

I think this conclusion fairly states the true situation with respect to the Agency. It has indeed done some things over its history that it should not have done and that under current guidelines it will not repeat. Mr. Chairman, in a community the size of CIA, I believe it highly likely that a number of wrong things would be done over 28 years.



When one adds the enormous challenges given to CIA, the climate of opinion of the country during past periods, and the secrecy within which CIA's activities must be conducted, I believe that the instances of wrongful action were truly few and far between, both in the domestic field and in the other areas of charges. That they were not more is due, I believe, to the fundamental integrity and loyalty to American principles of the employees of CIA over these years. These employees have worked with little or no applause and under a great number of sensational attacks; they have worked in danger, on intellectually difficult problems, and at the leading edge of technology. CIA personnel have invented new ways of obtaining intelligence. They have boldly and independently challenged interpretations of foreign events and weapon systems by other departments. They have conceived and executed many quiet, modest and effective actions in support of U.S. policy throughout the globe. They are proud of their contribution to their country, they seek anonymity rather than public appreciation, but they deserve the country's thanks rather than the abuse they are receiving today. I believe your investigation, Mr. Chairman, will satisfy you that this is so and that CIA's positive accomplishments have been obtained with great efficiency from modest investments. I would be disingenuous to say that I welcome this process, but I do say that under our Constitution, we will work constructively with you to show both the good and the bad.

CIA BUDGET POLICIES AND PROCEDURES

The CIA has duties, responsibilities and authorities that differ in a number of ways from other US Government agencies, Mr. Chairman, and our financial procedures for dealing with the outside world are unusual. But however unconventional and secret our activities may be, we are very conventional in our internal budgetary practices and our financial controls. I think you will find that many of the details I am about to give you could as well describe any other Federal agency or department-- although I am inclined to believe that we may be somewhat more conscientious about money matters than the average.

Our CIA budget system closely parallels that of all parts of the Federal Government. For any one fiscal year, planning, budgeting, approvals, appropriations and execution extend over a three-year period. At any particular moment, we are therefore dealing with the current year, the upcoming Budget Year, and the subsequent Program Year. Our programs are developed internally, examined by OMB, submitted to the President for his decisions, and then submitted to Congress, where they are reviewed (and often cut) by the designated subcommittees of the Appropriations Committees in both House and Senate.

PROGRAM PREPARATION

The budget cycle in CIA begins in January with the issuance by the Comptroller of the Program Call, calling for estimates of resources to be required during the fiscal year beginning 18 months hence



and operating plans for the fiscal year beginning 6 months hence.

When the new fiscal year goes into effect, these lead times will extend to 21 and 9 months respectively. In January 1975, for example, a call was issued for program plans for fiscal year 1977 and operating plans (based on the previously-prepared program plan) for fiscal year 1976.

The Program Call goes from the Comptroller to the Deputy Directors. They distribute it to subordinate echelons with such supplementary guidance and instructions as they deem appropriate and establish schedules for the submission of data to allow time for their review and for compilation of an aggregate presentation to be submitted to the Comptroller. During February, March, and April program managers revise their previous estimates for the fiscal year about to begin and develop preliminary estimates for the fiscal year following, on the basis of discussions with other interested Agency components and Community elements. Entries into the computer data base are made during this time by components throughout the Agency. The computers produce printouts which array the data for the current year and the next two years for review. I have with me two Agency documents that will give you some insight into the processes involved. One is a training manual, which deals with a fictitious office, that explains budget preparation. The other describes the computerized financial resources system.

Computer programs are submitted in May to the Deputy Directors, who review the requests of their subordinate units and conducts "hearings" with program managers to validate the estimates. This permits each

Deputy Director to develop an aggregate program which he can support and defend. After this review process has been completed, the computer data base is revised to reflect the Deputy Director's decisions. The aggregate program for the Directorate is compiled and submitted to the Comptroller early in June for the Program Review.

PROGRAM REVIEW

The smallest unit in our computerized accounting system is the FAN (financial analysis number) account. There currently are about 2,100 FAN accounts, established to insure availability of planning and control data for management. For in-depth analysis by upper-level management, however, we look not at FAN accounts but at the next higher level of aggregation--Resource Packages, which currently number about 275.

The Resource Package is the central element of the internal CIA resource allocation system. Each Resource Package is a unit of activity to which resources are assigned for the achievement of a particular purpose or set of integrally related purposes. A Resource Package may be an organizational element, an operational activity, a project, a function or a group of related functions. It is chosen so as to give us the most meaningful way of examining the package, its activities, and its resource requirements.

For the Program Review, components provide a brief summary description of each Resource Package, followed by descriptions of major activities within the package, identification of major products and services, and major consumers. Each package submission also includes an evaluation of the accomplishment of each activity in the package through the previous year.



Evaluations are required to relate accomplishments to objectives and, to the extent practical, to the resources assigned. Disappointments, failures, or shortfalls and corrective actions taken or to be taken are described, as well as notable successes achieved. Reasons for year to year differences are spelled out, and any resource implications for the future which will follow from program decisions are identified.

The computerized accounting system arrays the financial data on all Resource Packages and summarizes it in three different ways:

-- Organizationally. By Office, Division or Staff and by the four Directorates which are our major subelements.

-- Functionally. By the nature of the activity--for example, clandestine collection, overt collection, information processing, production of finished intelligence, and communications.

-- and by "object classes" similar to those used throughout the Government to designate salaries, fringe benefits, travel, utilities, and so forth.

The Comptroller reviews the personnel positions and dollars requested for each Resource Package, considering the functions performed and projected in relation to past performance and to relative importance as a part of the broader Directorate and Agency programs. The Agency program is then compiled as a package-by-package summary that includes both the positions, and dollars requested by the components and the positions and dollars

recommended for each package by the Comptroller. The Comptroller often recommends position and dollar levels lower than requested by the Directorates. The composite program is in book form that this year runs to 201 legal-sized pages including both statistical data and textual treatment of the problems and issues for the two years under discussion. In mid-July, it is presented to the Management Committee which is made up of the Deputy Directors and the heads of Independent Offices reporting directly to me.

The Management Committee reviews and discusses the issues with me, often debating the recommendations of the Comptroller. The Deputy Directors justify and defend their original requests or agree to adjust them in light of overall requirements. Within a day or two after this meeting, I meet with the Comptroller and his staff for a detailed review of the resources requested and recommended. Final decisions are reached during this review and become the Directorate "marks" for the fiscal years under consideration, in the current case FY 1976 and 1977.

The Comptroller immediately prepares a financial guidance letter from me to each of the Deputy Directors. These letters establish the program levels for funds and positions within which the Directorates must operate during the operating year and make plans for the budget year. Usually the appropriation for the operating year and OMB guidance for the program year will not have been received before these letters are issued and the instructions have to be qualified accordingly. The obligation rate for the operating year is controlled by the continuing resolution passed by the



Congress until the appropriation has been received, while the levels established in the financial guidance memorandums are used as the basis for preparation of the OMB budget.

In addition to establishing position and fund levels, the financial guidance letters place restrictions upon the authority of the Deputy Directors to reprogram between approved programs; identify certain key programs representing major investments or activities in which I have a particular interest; require supplemental reporting on certain specifically described types of actions; and assign responsibility and due dates for the review and study of organizational or substantive issues. They also contain a paragraph requiring that I be notified in advance of any planned endeavors that carry a significant risk of embarrassment to the Government in general or the Agency in particular. The latter provision was first spelled out in this memorandum, drafted by me when I was Executive-Director, which also details a number of the other general conditions that govern program execution. It replaced an earlier system of levels of approval determined by the amount involved, as in many cases a \$5 thousand expenditure could be more dangerous than a routine \$5 million one.

During August the components revise the computer data base and the supporting narrative as necessary to incorporate the newly-made decisions into the development of budget estimates for the next year. These are

submitted early in September to the Comptroller, who compiles the Agency budget request for submission to OMB by 1 October. The OMB examiner reviews the Agency budget, selecting issues for further examination. During late October and November he conducts detailed hearings on each selected issue with the operating officials of the responsible components. He can and does ask for and receive detailed information on any aspects of our activity which interest him. He then makes his recommendations to his own chain of command, and the review and decision process proceeds through OMB to the President and thence to Congress in the course of the year.

THE OPERATING YEAR

While budgets and program plans for the future are being prepared and reviewed, we are of course also executing a budget already presented to Congress. Each month, the computer system produces reports which show the status of obligations to date and provide projections to year end based on that experience. These reports are reviewed by the Comptroller; after the first quarter of the fiscal year has passed and some trends have been established, the Comptroller and his staff meet monthly with the Deputy Directors and the Director of Finance. At these meetings, the overall status of obligations is compared with pre-planned rates, reasons for unexpected deviations are examined, and potential shortages and surpluses in individual components are identified and discussed.



Throughout the year, new requirements develop--because of a change in world conditions, a new technological development, or a change elsewhere in the US Government such as the passage of new legislation affecting the rules under which Federal Departments and Agencies conduct their programs. Legislative requirements are clearly obligatory; last year, for example, the resource system had to adjust to a limit on travel expenditures that was imposed and subsequently lifted and to the new demands of the Freedom of Information Act. Some world events also present us with unanticipated financial requirements that are nondiscretionary--for example, the turn of events in Southeast Asia last spring. Other new requirements are examined in terms of their consistency with the Agency's charter, their desirability, their priority in competition with other demands, and their urgency. Those which emerge from the examination as the most worthy of immediate consideration on all counts are then looked at in the light of funds that can be made available within the limits of existing policy guidance from the White House and our Congressional oversight committees.

As I am sure you can appreciate, the CIA has somewhat more need for financial flexibility than the average Government agency. We are confronted from time to time with requirements or opportunities of great urgency; if we are offered a document of tremendous intelligence value, we cannot tell the seller to return next year when we have had an opportunity to budget for it.

And we cannot ask the Congress to vote a supplemental appropriation without attracting exactly the sort of unwelcome attention from abroad that we are anxious to avoid. We can sometimes cover relatively small requirements by curtailing expenditures on other, lower priority activities. But our budgets are tightly drawn and leave us relatively little room for maneuver. Thus arrangements have been in existence for many years with OMB and the Appropriations Committees of the Congress to permit us to obtain additional funds for purposes approved at the appropriate policy levels when we believe additional money is necessary and OMB concurs. These are, of course, funds appropriated in accordance with law, and our oversight committees are kept informed on a current basis of all transactions from them.

After each monthly Comptroller's meeting, the Comptroller advises me of the current status of our financial accounts, his recommendations for funding urgent new needs, and the concurring or differing opinions of the four Deputies. I make the final decision on any large sum of money, and that decision is conveyed to the Comptroller and the Deputies and reflected in the financial accounting system.

Our need for financial flexibility is, of course, a reflection of our need for program flexibility. We cannot simply adhere to a rigid plan when the world around us is changing, but neither can we permit ourselves to simply react to events without frequently taking an overall



look at ourselves. Each Directorate therefore conducts program reviews during the year, in which each Deputy sits down with his subordinates and discusses progress to that time and plans for the remainder of the year. The timing of these reviews varies--the Operations Directorate and the Intelligence Directorate have semi-annual reviews, the Science and Technology Directorate follows a quarterly schedule, and the Administration Directorate has its conclave every two months. I am kept informed of all significant developments and proposed changes in approved plans.

CONTRACTING AND PROCUREMENT

A substantial share of the Agency's budget goes for procurement. The normal procurement authorities pertaining to the Agency are the Federal Property and Administrative Services Act of 1949. In addition, the CIA Act of 1949 authorizes the expenditure of funds without regard to law and regulation for objects of a confidential, extraordinary or emergency nature, subject only to personal certification by me. As indicated in the Headquarters regulation I have here, which we have declassified for this occasion, the accounting procedures within the Agency for our confidential funds are every bit as rigid as those for what we call "vouchered" funds. The distinction lies entirely in the fact that I am authorized by law not to provide the detailed certifying documents to authorities outside CIA for our confidential expenditures. And you will note, if you read the regulation, that it imposes on every

Agency employee a responsibility for bringing any instance which appears to involve possible misuse of funds to the attention of either his own chain of command or the Inspector General.

A number of management controls have been established within the Agency to insure that our contracting is carried out according to the intent of Congress. Briefly these are:

- Publication of procurement regulations and handbooks to be followed by our contracting and technical personnel in effecting procurements.
- The establishment of technical requirements and review boards both at the office and directorate levels to review proposed procurements.
- Establishment of an Agency Contract Review Board to examine the total procurement process prior to the contract award of all major procurements.
- Examination and audit of industrial contractors' proposals and cost records to insure reasonable prices and protection of Agency funds.
- Management audit and review of the entire Agency procurement process by the Inspector General's Audit Staff.

Responsibility for production and services procurements, Federal Supply Schedule items and purchase orders is centralized in the Procurement Division in the Office of Logistics. For research and development procurements, the Director of Logistics has established a decentralized procurement system consisting of contracting teams serving each Directorate. A Procurement Management Staff functions as the overall point of coordination for the creation and maintenance of uniform policies and procedures; the



chief of this staff serves as the Agency representative on various governmental committees concerned with procurement such as the Commission on Government Procurement and the Executive Subcommittee of the Committee on Government Patent Policy.

The Agency is authorized to undertake procurements by formal advertising or by negotiation. Negotiation has normally been the most practicable method, given the nature of our business. We therefore place great emphasis on source selection procedures, emphasizing competition as much as practicable. Our list of qualified sources currently includes more than 2,200 contractors beyond those dealing in GSA Federal Supply Schedule items. In the last couple of years, over half our funded procurement actions and about 30 percent of the total dollars obligated were on a competitive basis. Our contracts conform to all the legal requirements of the Armed Services Procurement Regulations. Contractor audits, carried out by the Commercial Systems Audit Division, apply the standards of the Defense Contract Audit Agency, with which we maintain direct liaison. If you want additional detail on our contracting procedures, you will find it in this paper, which was prepared a year ago in response to a question from a Member of Congress. I also have the specific guidelines for procurement of automatic data processing equipment, supplies and services used by the Office of Logistics here if you would like to take a look at them. And, as further examples of our conformity to regular Government practice wherever possible, I also brought along copies of a couple of Agency

statements from the Federal Register on our procedures for implementation of the National Environmental Policy Act and some of our Headquarters regulations dealing with personnel matters. We are equally careful to conform to all Government rules and regulations when we carry out procurement actions on behalf of other Government agencies under the provisions of the Economy Act.

PROPRIETARIES

There is yet another area of our financial activities that has attracted some recent public attention and has been the subject of considerable misinterpretation. I refer to apparently commercial entities that are in reality controlled by the Agency--entities we call proprietaries. Such companies provide cover and support for clandestine activities and enable us to carry out administrative tasks discreetly.

Operating proprietaries are formed, operated, and eventually liquidated according to specific regulations and under close control by high Agency officials. All projects must be approved by the appropriate Deputy Director, and projects of special import also come to me for a further okay. For each project an administrative plan is required, which must have the concurrence of several of our highest Agency officials, including the General Counsel and the Director of Finance. These projects are subject to annual review and evaluation as part of our regular budgetary process. All expenditures and reimbursements must be approved by the



senior operating and finance officers , and regular audits are performed by our audit groups .

A very few of our former proprietaries , such as Radio Free Europe and Air America , have been fairly large entities . However , the vast majority have been and are small , usually having fewer than ten employees . They are , of course , different from conventional business activity , in that their very purpose is concealment of Agency people or activities . They engage in activities of limited economic significance , purposely providing little or no competition with private enterprise . They must nevertheless appear to conform to normal business practice and to have the normal business accounts , contracts , etc . When they own property or assets , appropriate secret trust agreements provide that the ultimate legal ownership remains with CIA . Proprietaries comply with all applicable Federal and State financial laws and regulations , including payment of proper taxes and fees and conformance with licensing and other legal commercial requirements .

Proprietaries use revenues to offset operating costs , but most have been unprofitable , requiring continued support through our regular budgetary process . Only two proprietaries ever made significant profits . One was Air America , now being disposed of , which provided cover and otherwise supported our efforts in Southeast Asia . Its net assets are being turned in to the Treasury . The other , remaining , is a financial enterprise which enables the Agency to administer certain sensitive

trusts, annuities, escrows and insurance arrangements without attribution to the Agency. It enables us to insure with a controlled company some of our activities we could not expose to regular insurance companies. It enables us to pay annuities to individuals whose links with the US Government must remain secret. In both of these cases, in the past, profits were retained for use by the proprietary companies. By 1973, accumulated profits amounted to a considerable sum, so what was excess to likely requirements was reported to the Appropriations and Armed Services Committees and used to reduce the amount appropriated. Our General Counsel has ruled that this did not constitute the full appropriations process, however, so this procedure has been abandoned and subsequent profits have been and will be delivered to the Treasury.

I foresee a continuing need to use the proprietary mechanism to further accomplishment of Agency operations. In the past nine years, however, we have reduced the number of proprietaries by about 50 percent, and they will be limited to those situations where they are the only, or clearly the best, approach.

FINANCIAL PROCEDURES AND CONTROLS

To complete the picture of our internal mechanisms for handling financial transactions, I must touch briefly on the activities of the Office of Finance, the Audit Staff and the General Counsel. It is the Director of Finance rather than the Comptroller who is responsible for most aspects



of financial administration. We do not handle money loosely. We may procure the particular kind of currency we need in somewhat unorthodox ways and deliver it in the "little black bag" so popular among fiction writers, but expenditures for even the most sensitive operations are backed up by an array of receipts, vouchers, certificates, etc. A key element of the Agency system for financial administration is the requirement that proper authority must exist for every transaction. Each transaction is subject to review and approval by an "Approving Officer"; in addition, all claims and vouchers for payment and all accounting for advances must be certified as correct, in accordance with Agency regulations and in conformance with applicable Federal and State laws, by an authorized Finance Certifying Officer independently appointed by the Director of Finance. Finance is responsible for the accounting system which reflects the status, use, and accountability for all funds, property, and other assets entrusted to the Agency. This system is consistent with the principles and standards prescribed by the Comptroller General. Finance also handles all payrolling and disbursing functions, purchases foreign currencies and audits contracts with commercial firms.

Financial and selected program reviews of Agency components and activities are conducted by the Audit Staff, which is organizationally part of the Office of the Inspector General but reports directly to me rather than to the IG. Made up largely of people hired from outside the Agency,

one-third of whom are Certified Public Accountants, the Audit Staff conducts annual reviews of all major activities at CIA headquarters and in the field. Smaller activities are audited on a two- or three-year cycle. The audits are conducted in conformance with policy guidelines set forth in Federal Management Circular 72-3, General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, and standards issued by the American Institute of Certified Public Accountants. The audits determine whether financial operations are properly conducted and in compliance with applicable laws and regulations, whether operations are being conducted efficiently and economically, and whether desired objectives are being achieved.

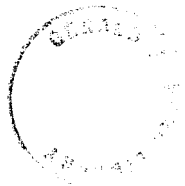
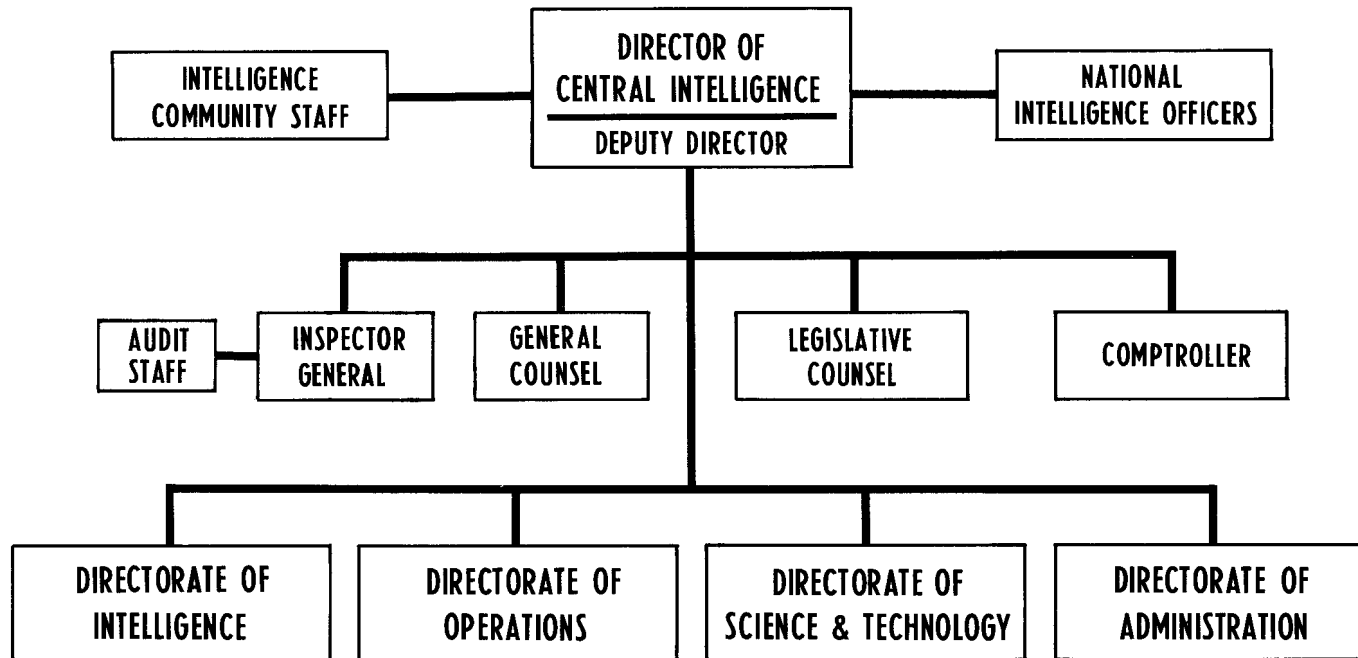
The Office of the General Counsel also plays an important role in the financial processes of the Agency. Proposed expenditures are submitted to that office by Finance Certifying Officers and others for legal rulings, which are written at the rate of hundreds each year. In this respect the General Counsel serves the same role for Agency Certifying Officers as does the Comptroller General for Certifying Officers in other agencies.

As I hope all of the foregoing makes clear, we are careful with the taxpayer's money. Our budgeting system works well. Our internal control systems are strong and getting stronger. In accordance with recommendations of the Rockefeller Commission, I am currently in the process of expanding the staffs of both the Inspector General and the General Counsel. And I can assure you that the fact that we do have certain exemptions from normal



Government procedural requirements makes me acutely aware of my unusual responsibilities and especially careful to keep the Agency's financial house in order .

The Central Intelligence Agency



CIA FUNCTIONS

INTELLIGENCE

COLLECTION

- Overt
- Technical
- Clandestine
- Counter Intelligence

PROCESSING

- Photographic
- Electronic
- Data Storage
- Analysis

PRODUCTION

- Political
- Economic
- Military
- Scientific
- Biographic

SUPPORT

MANAGEMENT
SERVICES
COMMUNICATIONS

COVERT ACTION

POLITICAL
PARAMILITARY

