

Date 19 May 81

	<u>ACTION</u>	<u>COORDINATION</u>	<u>INFO</u>
FP HITZ	_____	_____	
GL THORPE	_____	_____	
AE GOLDIN	_____	_____	
COMMENTS:	_____		

ROUTE TO: (DESIGNATE ACTION OFFICER)

- LIAISON DIVISION Action
- LEGISLATION DIVISION Info
- COMMUNITY & LEG. LIAISON OFFICE \_\_\_\_\_
- MANAGEMENT SUPPORT STAFF \_\_\_\_\_
- OLC INTELLIGENCE DIVISION Info

OTHER: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SUSPENSE DATE: 26 May 81  
RECEIVED IN OLC: 18 May 81

UNCLASSIFIED CONFIDENTIAL

**EXECUTIVE SECRETARIAT**  
Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X		
2	DDCI		X		
3	D/DCI/RM				
4	DD/NFA		X		
5	D/DCI/CT				
6	DD/A				
7	DD/O		X		
8	DD/S&T				
9	GC				
10	LC	X			
11	IG				
12	Compt.				
13	D/PA				
14	D/EEO				
15	D/PPPM				
16	AO/DCI				
17	PB/NSC				
18	SA/DCI/CI		X		
19					
20					
21					
22					

SUSPENSE \_\_\_\_\_ Date \_\_\_\_\_

Remarks:

Executive Secretary  
18 May 81  
Date

STAT

TECH TRANSFER

WILLIAM V. ROTH, JR.  
CHARLES H. PERCY, ILL.  
TED STEVENS, ALASKA  
CHARLES MC C. MATHIAS, JR., MD.  
JOHN C. DANFORTH, MO.  
WILLIAM D. COHEN, MAINE  
DAVID DURENBERGER, MINN.  
MACK MATTINGLY, GA.  
WARREN D. RUDMAN, N.H.

THOMAS F. EAGLETON, MO.  
HENRY M. JACKSON, WASH.  
LAWTON CHILES, FLA.  
SAM NUNN, GA.  
JOHN GLENN, OHIO  
JIM SASSER, TENN.  
DAVID PRYOR, ARK.  
CARL LEVIN, MICH.

JOAN M. MC ENTER, STAFF DIRECTOR

WILLIAM V. ROTH, JR., DEL., CHAIRMAN  
WARREN D. RUDMAN, N.H., VICE CHAIRMAN  
CHARLES H. PERCY, ILL.  
CHARLES MC C. MATHIAS, JR., MD.  
JOHN C. DANFORTH, MO.  
WILLIAM S. COHEN, MAINE  
SAM NUNN, GA.  
HENRY M. JACKSON, WASH.  
LAWTON CHILES, FLA.  
JOHN GLENN, OHIO  
JIM SASSER, TENN.  
S. CASS WEILAND  
CHIEF COUNSEL  
MICHAEL C. EBERHARDT  
DEPUTY CHIEF COUNSEL  
MARTY STEINBERG  
CHIEF COUNSEL TO THE MINORITY

# United States Senate

COMMITTEE ON  
GOVERNMENTAL AFFAIRS  
SENATE PERMANENT SUBCOMMITTEE  
ON INVESTIGATIONS  
WASHINGTON, D.C. 20510

May 13, 1981

OLC #81-1134  
Executive Registry  
81-4251

The Honorable William J. Casey  
Director  
Central Intelligence Agency  
Washington, D. C. 20505

OSC

Dear Mr. Casey:

The Senate Permanent Subcommittee on Investigations is attempting to determine how extensive and significant are the transfers of U. S. technological, industrial and commercial information to the Soviet Bloc. Many of these transfers, even those obtained by clandestine means, are not illegal under our espionage laws or other federal statutes.

The need to modernize the Federal Espionage statute to include industrial, technological or economical espionage was cited in 1976 by former Attorney General Edward Levi. In a March 23 letter to the Senate Judiciary Committee, he said:

"The phrase 'clandestine intelligence activities, sabotage, or terrorist activities' is meant to encompass those type of activities by a foreign power or its agent that the Federal government must be capable of discovering, particularly when they occur within the United States. While the most common activities that would come within the scope of this phrase would constitute violations of the Federal criminal law, there is a certain limited area that would not. For example, the clandestine collection of information by an agent of a foreign power concerning important industrial processes essential to the national security, e.g. computer technology, would not in most cases violate any Federal statute." (Underscoring supplied.)

The Honorable William J. Casey  
May 13, 1981  
Page 2

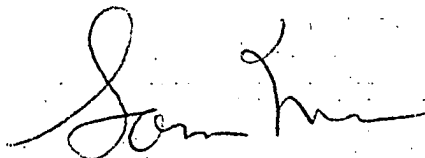
During the current reassessment of government policies toward the Soviets, it is now appropriate to reevaluate our counterintelligence program against Soviet Bloc agents. Therefore, the minority staff of the Subcommittee, at the direction of Senator Sam Nunn, the ranking minority member, has initiated a preliminary inquiry into this problem.

During this preliminary inquiry, the minority staff of the Subcommittee will also be looking into the effectiveness of our foreign counterintelligence capability to intercept clandestine transfers or attempted transfers of classified data to the Soviets which are illegal under our laws. In addition, the Subcommittee will look into our existing export controls of dual-use technologies and goods to the Soviet Bloc administered by the Commerce and State Departments.

On February 20, 1980, Under Secretary of Defense William Perry testified before this Subcommittee that the Soviets have a "large, systematic, well-organized and effective" operation to acquire illegally our technology. Dr. Perry said Soviet clandestine activity has been "extensive" and involves the theft of classified as well as controlled dual-use technologies and goods.

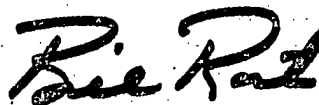
Since the Central Intelligence Agency has primary responsibility for foreign counterintelligence programs, this Subcommittee's inquiry will be greatly enhanced by your cooperation and assistance. The purpose of this letter is to seek your support in this investigation.

Accordingly, it would be most helpful if, at your earliest convenience, you would have your Office of Legislative Counsel contact Mr. L. J. Duffy, consultant to the minority of the Subcommittee, in order that arrangements for an exchange of information and briefings by appropriate CIA officials can be made.



Sam Nunn  
Ranking Minority Member

Sincerely,



William V. Roth, Jr.  
Chairman