

EXECUTIVE SECI TARIAT
ROUTING SLIP

*Memo
Chrow*

TO:

	ACTION	INFO	DATE	INITIAL
1 DCI		X		<i>[Signature]</i>
2 DDCI		X		
3 EXDIR		X		
4 D/ICS		X		
5 DDI		X		
6 DDA				
7 DDO		X		
8 DDS&T		X		
9 Chm/NIC				
10 GC		X		
11 IG				
12 Compt		X		
13 D/OLL	X			
14 D/PAO				
15 D/PERS				
16 VC/NIC				
17 ES		X		
18				
19				
20				
21				
22				

SUSPENSE 10 Apr 86
Date

Remarks

To 13: Please have a proposal to meet the DCI's concerns prepared. (On the transcript please have ADDS&T get retyped and returned to ES for DCI files.)

[Redacted Signature]

Executive Secretary

27 Mar 86

Date

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27 March 1986

MEMORANDUM FOR: Director of Congressional Affairs
FROM: Director of Central Intelligence
SUBJECT: Sensitive Collection Hearing Follow-on Work

1. After an important hearing with follow-on implications like that on sensitive collection, I think it is essential to have a memorandum prepared laying out the implications and future problems and future work indicated by the dialogue of the hearing.

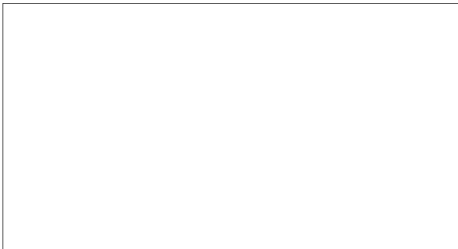
2. I think we need better answers on exactly the kind of operations which in their internal processing require specific approval at various levels, the kind of authorizations on which we seek approval at NSC or Presidential level, the kind on which we want to alert the Congress. This would enable better response to the kind of questions which Senator Nunn asked regarding target countries and [redacted], etc. I'd like to have a statement of exactly what the approval practices and requirements are [redacted]

3. I attach the testimony I used at the 26 March hearing. Please have it cleaned up and return a copy for my files.



William J. Casey

Attachment: a/s



~~TOP SECRET~~

TESTIMONY TO SSCI ON "OTHER SENSITIVE ACTIVITIES"

26 MARCH 1986

GENTLEMEN:

I WOULD LIKE TO DISCUSS WITH YOU TODAY THE INTELLIGENCE COMMUNITY'S SENSITIVE COLLECTION ACTIVITIES AND THE PROCESS BY WHICH THE COMMUNITY PROVIDES INFORMATION TO THE CONGRESSIONAL OVERSIGHT COMMITTEES ON THESE ACTIVITIES. THE INTELLIGENCE COMMUNITY AND THIS COMMITTEE HAVE DEVELOPED METHODS AND AVENUES FOR PROVIDING INFORMATION ON THE FULL RANGE OF INTELLIGENCE COLLECTION ACTIVITIES. INDEED -- I WOULD LIKE TO TAKE THIS OCCASION TO ASSURE YOU THAT I AM AWARE OF NO SENSITIVE COLLECTION ACTIVITIES ABOUT WHICH THIS COMMITTEE -- OR AT LEAST THE CHAIRMAN AND VICE CHAIRMAN -- ARE NOT INFORMED. ~~THE TASK BEFORE US -- AS I SEE IT -- IS TO DISCUSS HOW THE INTELLIGENCE COMMUNITY~~ CONTINUES TO KEEP THE OVERSIGHT COMMITTEES INFORMED ON SENSITIVE COLLECTION ACTIVITIES/WITHOUT TAKING UNDUE RISKS WITH SOME OF OUR MOST PRODUCTIVE BUT FRAGILE SOURCES AND METHODS.

WITH THIS IN MIND -- I WOULD LIKE TO REVIEW FOR YOU THOSE PROCEDURES ~~THE INTELLIGENCE COMMUNITY~~ ^{we} USES TO KEEP THE OVERSIGHT COMMITTEES INFORMED OF SENSITIVE COLLECTION ACTIVITIES. IN DOING SO -- I WOULD LIKE TO CLARIFY WHAT IS MEANT BY "OTHER SENSITIVE

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ACTIVITIES" AND EMPHASIZE THE ROLE SECURITY -- AND COMPARTMENTATION IN PARTICULAR -- PLAYS WHEN ANY REVIEW OR DISCUSSION OF SENSITIVE ACTIVITIES TAKES PLACE -- INCLUDING WITHIN THE INTELLIGENCE COMMUNITY ITSELF. ONLY IN THIS WAY CAN THE NECESSARY INFORMATION ON THESE ACTIVITIES BE TRANSMITTED/ WHILE SIMULTANEOUSLY MAINTAINING THE ESSENTIAL SECURITY PROTECTION OF THEM. FINALLY -- I WOULD LIKE TO REVIEW THE PROCESS THE INTELLIGENCE COMMUNITY UNDERGOES BEFORE UNDERTAKING ANY SENSITIVE ACTIVITY. IN THIS WAY I HOPE THE COMMITTEE WILL GET AN EVEN MORE DETAILED INSIGHT INTO HOW THE COMMUNITY DEALS WITH SENSITIVE COLLECTION ACTIVITIES.

THROUGH THE BUDGET REVIEW PROCESS /THE INTELLIGENCE COMMUNITY PROVIDES SUBSTANTIVE INFORMATION ON OUR SENSITIVE COLLECTION ACTIVITIES. FOR EXAMPLE -- IN OUR ANNUAL BUDGET SUBMISSIONS ON THE NATIONAL FOREIGN INTELLIGENCE PROGRAM/-- ~~THE INTELLIGENCE COMMUNITY PROVIDES MATERIAL~~ THROUGH THE CONGRESSIONAL BUDGET JUSTIFICATION BOOK (CJB) AS ^{describe} ~~TO~~ OUR SENSITIVE COLLECTION ^{the} ACTIVITIES AND LEVELS OF FUNDING AND PERSONNEL RESOURCES USED IN THEM. WITH THIS INFORMATION THE OVERSIGHT COMMITTEES ARE ABLE TO SEE TRENDS IN OUR COLLECTION ACTIVITIES /-to NOTE OUR AREA OF INCREASING OR DECREASING PRIORITIES AND -- IN GENERAL -- DEVELOP AN ACCURATE UNDERSTANDING OF THE RESOURCES WE ARE DEVOTING TO OUR SENSITIVE PROGRAMS.

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FOR EXAMPLE -- IN THE BUDGET SUBMISSION ON SIGINT COLLECTION AND PROCESSING -- WHICH INVOLVES SOME OF OUR MOST SENSITIVE COLLECTION ACTIVITIES -- WE PROVIDE INFORMATION ON THE ENTIRE CIA SIGINT PROGRAM IN TERMS OF BOTH MONEY AND PEOPLE. WE ALSO NOTE HOW ANY INCREASES OR DECREASES IN MONEY OR POSITIONS WILL AFFECT US/IN ALLOCATING OUR RESOURCES FOR THE YEAR IN QUESTION. NEXT -- WE LIST THOSE AREAS OF EMPHASIS OUTLINED BY THE NATIONAL SIGINT PLAN/AND NOTE THOSE PROGRAMS WE WILL EMPLOY TO ACHIEVE OUR GOALS. ALSO INCLUDED IN THE BUDGET SUBMISSION IS INFORMATION ON FUNDING FOR OUR ONGOING INITIATIVES IN THE AREA OF SIGINT COLLECTION ACTIVITIES. THROUGH THIS INFORMATION -- THE COMMUNITY IS ABLE TO ILLUSTRATE THE DIRECTION FUNDING IS TAKING/AND INDICATE THE LEVEL OF EFFORT THE COMMUNITY DEVOTES TO THESE PROGRAMS.

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FURTHERMORE -- THROUGH THE BUDGET SUBMISSION WE PROVIDE DETAILED DESCRIPTIONS AND JUSTIFICATIONS ON OUR NEW INITIATIVES./ IN THE SIGINT FIELD/-- FOR EXAMPLE -- THE FY 1987 BUDGET SUBMISSION CONTAINED DESCRIPTIONS AND JUSTIFICATIONS FOR NEW INITIATIVES [REDACTED] SUPPORT -- AND SIGINT SUPPORT TO NATIONAL PROGRAMS. AND EACH NEW INITIATIVE WAS ACCOMPANIED BY PROPOSED FUNDING LEVELS AND POSITIONS.

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FINALLY -- WE USE THE CONGRESSIONAL BUDGET JUSTIFICATION BOOK TO HIGHLIGHT AREAS OF SPECIAL SIGNIFICANCE -- HIGH SUCCESS -- OR SPECIAL INTEREST TO THE OVERSIGHT COMMITTEES. THROUGH THESE "BLUE PLATE SPECIALS" WE PROVIDE EVEN MORE DETAILED INFORMATION. FOR EXAMPLE -- IN THE SIGINT COLLECTION AND PROCESSING SECTION OF THE FY 1987 BOOK -- WE PROVIDED SPECIAL ONE-PAGE BRIEFS

SUPPLEMENTING OUR ANNUAL BUDGET SUBMISSIONS -- THE VARIOUS COMPONENTS OF THE INTELLIGENCE COMMUNITY PROVIDE DETAILED BRIEFINGS TO COMMITTEE STAFF AND MEMBERS/ON SIGNIFICANT CHANGES PROPOSED IN THE APPROVED BUDGET. ADDITIONAL INFORMATION ON SENSITIVE PROGRAMS IS PROVIDED ~~INDIVIDUAL STAFFERS OR MEMBERS~~ AS APPROPRIATE. ALSO -- AT CIA THE OFFICE OF THE COMPTROLLER MAINTAINS UP-TO-DATE DESCRIPTIONS OF OUR SENSITIVE PROGRAMS WHICH CLEARED COMMITTEE STAFF MAY CONSULT AT ANYTIME. OFTEN -- DEMONSTRATIONS IN OUR TRAINING OR HEADQUARTERS LOCATIONS ARE GIVEN TO COMMITTEE MEMBERS AND THEIR STAFFERS/WHEN PROGRAMS REACH A STAGE WHERE THERE IS SOMETHING OF INTEREST TO SHOW OR WHEN THE PROGRAM PROVIDES INFORMATION OF UNIQUE OR EXCEPTIONAL INTELLIGENCE VALUE.

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COMMITTEE MEMBERS AND THEIR STAFFERS ARE INVITED TO OTHER SITES -- BOTH DOMESTIC AND OVERSEAS -- TO SEE SUITABLE COLLECTION ACTIVITIES FIRSTHAND. FOR OUR MOST SENSITIVE PROGRAMS -- WE PROVIDE BOTH THE CHAIRMAN AND VICE CHAIRMAN OF THIS COMMITTEE WITH BRIEFINGS. IN SHORT -- THROUGH THE ANNUAL BUDGET SUBMISSIONS ~~ON THE NATIONAL FOREIGN INTELLIGENCE PROGRAM~~ -- THROUGH THE DETAILED BRIEFINGS TO COMMITTEE AND STAFF ON SIGNIFICANT CHANGES PROPOSED IN THE APPROVED BUDGET -- AND THROUGH AD HOC NOTIFICATIONS AND BRIEFINGS TO MEMBERS AND STAFF -- WE PROVIDE A CONSIDERABLE AMOUNT OF DETAIL ON OUR SENSITIVE PROGRAMS. I HAVE HERE AN EXAMPLE OF A SPECIAL BRIEFING GIVEN TO MEMBERS OF YOUR STAFF IN CONJUNCTION WITH LAST YEAR'S BUDGET REVIEW.

[Redacted]

[Redacted]

OF COURSE -- PROVIDING THIS KIND OF MATERIAL -- CONSOLIDATED IN ONE PLACE -- ^{requires} ~~NECESSITATES~~ VERY CAREFUL HANDLING. ~~A~~ COMPROMISE OF THIS INFORMATION WOULD HAVE DISASTROUS RESULTS ON SOME OF OUR MOST CAREFULLY TARGETED AND PRODUCTIVE INTELLIGENCE OPERATIONS. IMPROVING THE PROTECTION OF SOURCES AND METHODS IS ONE OF MY HIGHEST PRIORITIES. IT COSTS US DEARLY IN TERMS OF PEOPLE -- OPERATIONAL EFFECTIVENESS -- DOLLARS -- AND MOST IMPORTANTLY --

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INTELLIGENCE PRODUCT TO LOSE A GOOD SOURCE OUTRIGHT OR TO HAVE IT PARTIALLY COMPROMISED THROUGH LEAKS. WE INSIST ON COMPARTMENTING INFORMATION ON OUR IMPORTANT INTELLIGENCE SOURCES AND METHODS -- WHERE INDICATED -- AND ENFORCING THE "NEED TO KNOW" PRINCIPLE AT ALL LEVELS ^{in handling these sensitive activities} ~~TO CONTROL THE EXCHANGE OF SENSITIVE INFORMATION.~~ WE ARE MAKING NO EXCEPTIONS TO THIS POLICY WITHIN ANY BRANCH OF OUR GOVERNMENT. THE ROLLS OF PEOPLE HAVING ACCESS TO THESE PROGRAMS ARE BASED ON THE MINIMUM NUMBER NEEDED TO GET THE JOB DONE. IN ONE SENSITIVE PROGRAM THE NUMBER OF WITTING PEOPLE IS LESS THAN 1200; IN ANOTHER PROGRAM DEALING WITH TECHNICAL INTELLIGENCE COLLECTION THE NUMBER IS LESS THAN 100. IN THIS REGARD -- I APPRECIATE ^{this} ~~THE~~ COMMITTEE'S RECOGNITION OF THE NEED TO LIMIT THE AMOUNT AND KINDS OF INFORMATION WE PROVIDE YOU ON SENSITIVE INTELLIGENCE ACTIVITIES TO THE BARE MINIMUM -- AND TO STRICTLY LIMIT ACCESS TO THAT INFORMATION TO THOSE WHO MUST KNOW.

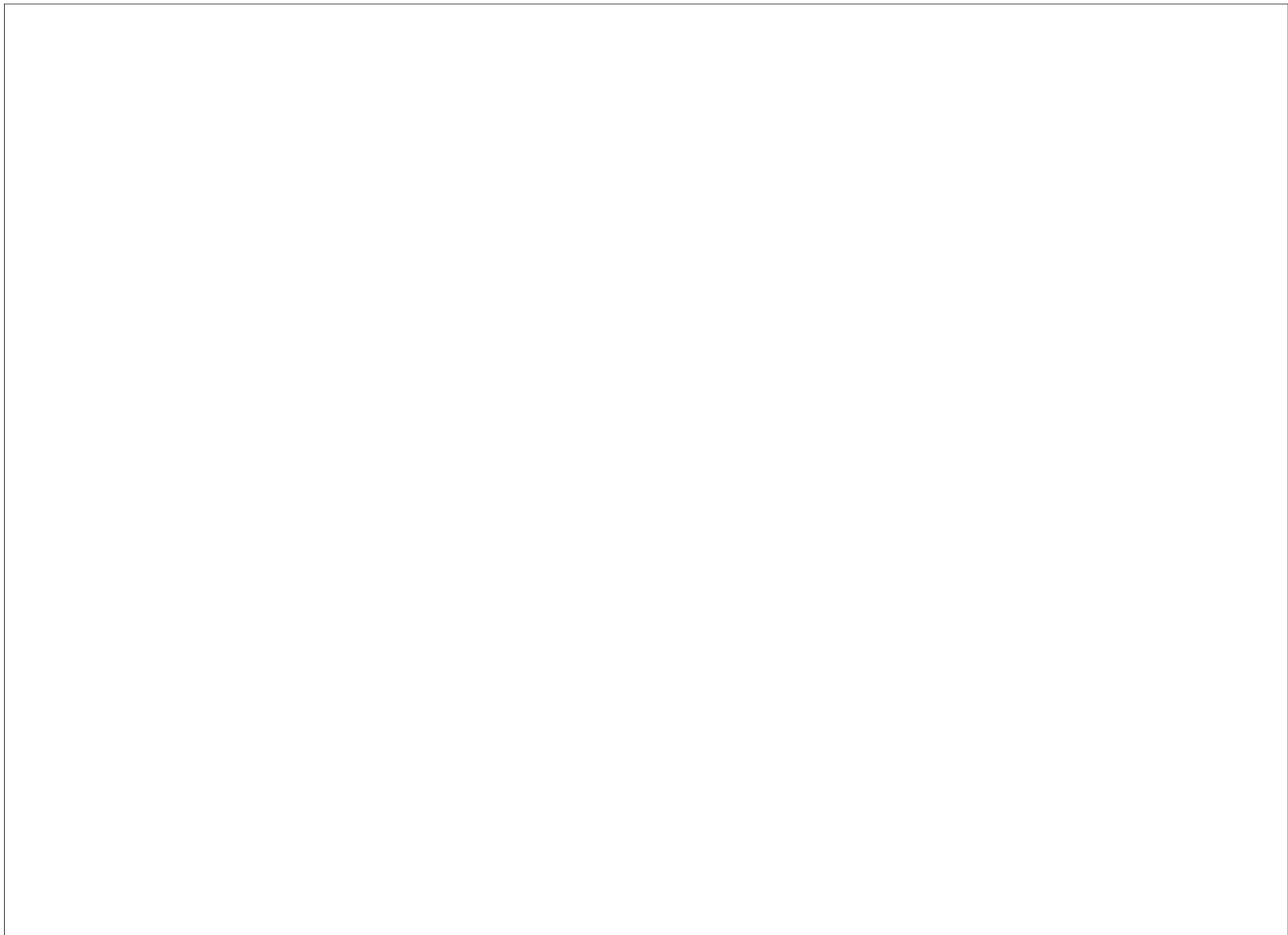
IN DISCUSSION OF THIS SUBJECT -- I THINK WE NEED TO BE CLEAR ABOUT WHAT WE MEAN BY THE TERM "OTHER SENSITIVE ACTIVITIES." I UNDERSTAND THE FOCUS OF YOUR INTEREST IN THIS BRIEFING DOES NOT INCLUDE COVERT ACTION OR PURELY AGENT OPERATIONS.

"OTHER SENSITIVE ACTIVITIES" WHICH WE ARE DISCUSSING TODAY CERTAINLY INVOLVE RELATIVELY HIGH NATIONAL SECURITY RISKS. THESE

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RISKS MAY BE CHARACTERIZED IN DIFFERENT WAYS. WE CONSIDER FIVE TO BE MOST IMPORTANT: FIRST IS THE POSSIBILITY OF LOSS OF LIFE OR SERIOUS INJURY -- SECOND IS THE POTENTIAL FOR DAMAGE TO THE IMPLEMENTATION OF U.S. FOREIGN POLICY -- THIRD IS THE POTENTIAL OF ADVERSE INTERNATIONAL POLITICAL REACTION -- FOURTH IS MAKING US SIGNIFICANTLY VULNERABLE TO PROPAGANDA FROM THE SOVIET BLOC AND ITS ALLIES -- AND FIFTH IS THE THREAT OF GRAVE EMBARRASSMENT TO THE UNITED STATES AND OUR FOREIGN POLICYMAKERS.

A SENSITIVE INTELLIGENCE ACTIVITY MAY ENTAIL ONE OR ALL OF THE ABOVE FIVE RISKS. FOR EXAMPLE -- THE EXPOSURE OF A SENSITIVE



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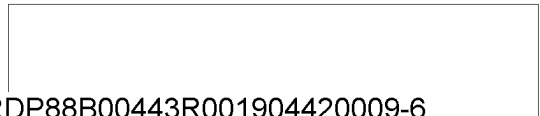
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ACTIVITY. FINALLY -- THE SPECIFICS DETERMINING THE DEGREE OF SENSITIVITY OF MANY INTELLIGENCE ACTIVITIES ARE NOT STATIC. A SUDDEN INCREASE IN RISK OR COST OF AN OPERATION OR A SUDDEN DEFLATION OF INTELLIGENCE VALUE ^{can} DEFINITELY AFFECT~~S~~ THE SENSITIVITY OF A PARTICULAR COLLECTION ACTIVITY.

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I WOULD NOW LIKE TO DISCUSS THOSE PROCEDURES THE INTELLIGENCE COMMUNITY FOLLOWS IN REVIEWING ANY SENSITIVE INTELLIGENCE COLLECTION ACTIVITY WE PROPOSE TO UNDERTAKE. A NUMBER OF IMPORTANT QUESTIONS MUST BE ANSWERED ABOUT ANY INTELLIGENCE ACTIVITY CARRYING SIGNIFICANT RISK. FIRST -- BEFORE APPROVAL IS GIVEN -- THERE MUST BE A THOROUGH ASSESSMENT OF THE PAYOFF VERSUS THE RISK INVOLVED. I HAVE DESCRIBED THE ELEMENTS MAKING UP A RISK ASSESSMENT. THE POTENTIAL PAYOFF OF OUR SENSITIVE COLLECTION OPERATIONS MUST BE HIGH. WE ASSURE OURSELVES THERE ARE NO OTHER LOWER RISK ALTERNATIVES AVAILABLE. ALL KEY DECISIONMAKERS AND OPERATIONS PERSONNEL IN THE SMALL PROJECT CIRCLES TYPICAL OF SENSITIVE OPERATIONS KNOW THE SIGNIFICANCE OF THE PRODUCT WE SEEK. SECOND -- THERE MUST BE A HIGH PROBABILITY OF SUCCESS. IT MAKES NO SENSE -- SAVE IN ~~THE MOST EXTREME~~ CASES OF NATIONAL EMERGENCY -- TO UNDERTAKE A RISKY ACTIVITY WITH DISMAL PROSPECTS FOR SUCCESS EVEN IF THE INFORMATION OBTAINABLE IS HIGHLY VALUABLE IN THE NORMAL INTELLIGENCE PROCESS.

AFTER THESE INITIAL ASSESSMENTS ARE MADE AND A SENSITIVE INTELLIGENCE ACTIVITY IS APPROVED IN PRINCIPLE -- APPROVAL TO ACTUALLY PERFORM THIS ACTIVITY IS BASED ON SEVERAL FACTORS THAT BEAR ON INCREASING OUR CHANCES OF SUCCESS AND MINIMIZING OPERATIONAL RISKS. THERE MUST BE A THOROUGH ANALYSIS OF THE

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FINALLY --

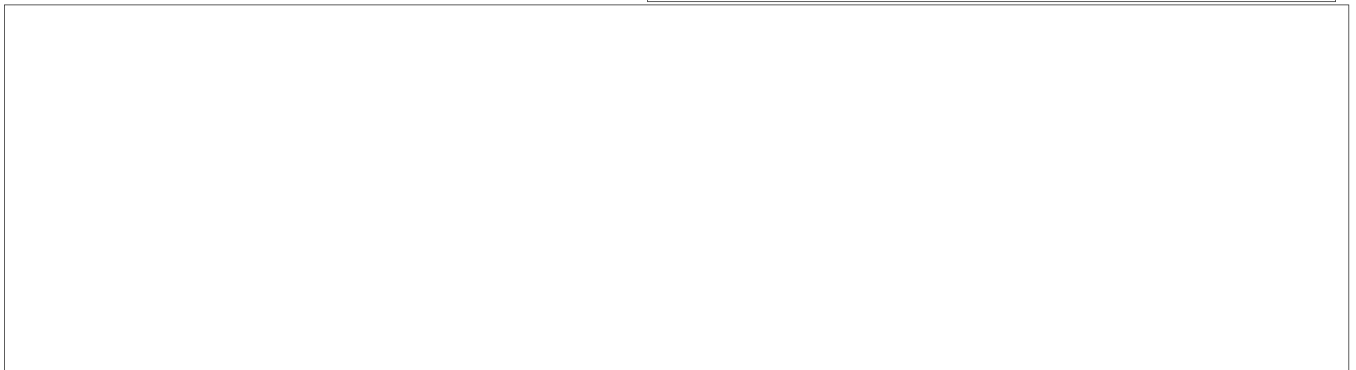
SENSITIVE COLLECTION ACTIVITIES MUST BE COORDINATED WITH THE OFFICE OF GENERAL COUNSEL IN COGNIZANT AGENCIES TO ENSURE THAT THE PROPOSED ACTIVITY DOES NOT IN ANY WAY BREAK THE U.S. LAW.

THEREFORE -- AS YOU CAN SEE -- VARIOUS CHECKS AND BALANCES ARE BROUGHT INTO PLAY WHEN CONSIDERING A SENSITIVE OPERATION. OF COURSE -- AS OFTEN HAPPENS -- THE GREATER THE POTENTIAL PAYOFF -- THE GREATER THE RISK.

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THUS -- DEPENDING ON FACTORS SUCH AS PAYOFF -- RISK --
PROBABILITY OF SUCCESS -- AND COST -- JUDGMENTS ARE MADE AS TO
THE WISDOM OF PURSUING A PARTICULAR SENSITIVE OPERATION. AND
THROUGH ASSESSMENT -- PLANNING -- AND COORDINATION PROCEDURES --

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THE INTELLIGENCE COMMUNITY CONTINUALLY TRIES TO ENSURE THESE
JUDGMENTS ARE VALID. OF COURSE -- AS THE RISK LEVEL OF A
PARTICULAR OPERATION INCREASES -- SO DOES THE LEVEL OF APPROVING
AUTHORITY REQUIRED TO SET IT IN MOTION.

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THUS, THOSE ACTIVITIES
INVOLVING THE HIGHEST LEVEL RISKS MUST RECEIVE APPROVAL FROM
EITHER MYSELF OR THE DDCI. ALL OTHER OPERATIONS MUST BE APPROVED
BY ONE OR MORE OF THE DIRECTORS OR DEPUTY DIRECTORS OF THE
AGENCIES COMPRISING THE INTELLIGENCE COMMUNITY.

IN CONCLUSION -- METHODS HAVE EVOLVED FOR PROVIDING THIS
COMMITTEE WITH INFORMATION ON SENSITIVE COLLECTION ACTIVITIES.
THESE METHODS INCORPORATE APPROPRIATE COMPARTMENTATION OF

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INFORMATION AND THE "NEED TO KNOW PRINCIPLE" WHILE PROVIDING AS MUCH INFORMATION AS NECESSARY FOR THE COMMITTEE TO EXECUTE ITS OVERSIGHT ROLE. WE BELIEVE THESE METHODS SERVE THIS PROCESS WELL -- BOTH WITHIN THE COMMUNITY AND BETWEEN THE INTELLIGENCE COMMUNITY AND THIS COMMITTEE.