

STAT

Declassified in Part - Sanitized Copy Approved for Release 2012/03/20 : CIA-RDP90-00965R000100060014-3

**Page Denied**

Declassified in Part - Sanitized Copy Approved for Release 2012/03/20 : CIA-RDP90-00965R000100060014-3

ARTICLE APPEARED  
ON PAGE 1-A

WASHINGTON TIMES  
20 May 1985

# Soviets put pincer move on U.S. as 'main enemy'

By Ted Agres and Roger Fontaine  
THE WASHINGTON TIMES

The Soviet espionage apparatus, including the KGB, GRU and East European services, is stepping up its activities on the North American continent, White House officials and members of the U.S. intelligence community report.

The prime target of this increased attention, they say, is the United States, which KGB training manuals have long termed their "main enemy."

The officials portray it as a "pincer movement" from Canada and Mexico. Because the United States maintains friendly rela-

*First in a five-part series*

tions with both neighbors, and because both borders are largely porous, the task of containing and countering Soviet activity becomes that much more difficult, they say.

The increased Soviet threat is in terms of both quantity and quality: There has been a dramatic rise in the number of secret agents operating in all three countries as well as an increase in the sophistication of their personnel.

Soviet bloc agents are said to have become effective at pinpointing their targets of opportunity and concentrating their energies where it is deemed most useful.

## U.S. intelligence and law enforcement

officials maintain that the United States is also getting better at tracking and countering Soviet bloc clandestine operations. But others question if the improvement is good enough.

"We have substantially enhanced our own capabilities against the threat," states Edward O'Malley, the FBI's director of intelligence. He terms countering Soviet espionage that agency's "top investigative priority."

But the problem "is very serious, and has been for some time," he adds. Attorney General Edwin Meese calls Soviet espionage "a major problem" and "a matter of great concern."

"We know that the number of Soviet agents in this country is massive, and severely strains our counterintelligence resources," he says.

This strain is evident foremost in the num-



bers game. The FBI estimates that there are some 4,000 Soviet bloc personnel in the United States alone. Between 30 and 35 percent of these — 1,200 to 1,400 — are full-time professional intelligence officials or

agents, the bureau reports. It is a number that has doubled in the past decade.

These include not only Soviets but East Europeans as well, including Czechoslovakians, Poles, Hungarians, East Germans and others. Augmenting the Warsaw Pact contingent are the Cubans who, increasingly, are called upon to do Soviet bidding.

To these numbers in America are added the 300 to 400 Soviet-bloc personnel in Canada and Mexico each. One-third of these are said to be involved in intelligence operations.

This total of some 1,600 full-time Soviet bloc espionage agents across the continent includes only those operating under the "cover" of being diplomats, journalists, trade officials or students, and "officially approved" by the host governments.

It does not count an additional unknown number of "illegals" —

people who have entered Canada, the United States or Mexico under assumed names and identities ("legends" in spy terminology), and recruits — citizens who, for whatever reason, have become active participants in the Kremlin's work.

In the United States in 1980, Soviet-bloc intelligence personnel outnumbered FBI and other counterintelligence agents by some 10 to 1. While the ratios are said to be better today, FBI officials will not reveal by how much.

Continent-wide the situation is even worse: Canada historically has been far less aggressive than the United States in countering Soviet espionage activities. The Trudeau regime expressed little interest in the matter, and the new Mulroney government is only beginning to get its security apparatus in order.

And Mexico for decades has turned a blind eye toward espionage of all stripes — as long as officials there felt it wasn't directed against them.

What is clear, however, are the targets of Soviet activity and the methods they use to go about it.

Interviews with dozens of Canadian, Mexican and U.S. sources, both in and out of official capacity, have revealed a broad picture of Soviet operations on the continent:

- Canada and Mexico are both used as staging grounds for operations against the United States. This is said to involve recruitment and handling of agents in relatively secure environments, far from the probing eyes of U.S. surveillance.

- Mexico, in the words of one former U.S. counterintelligence official, constitutes "a giant safehouse" for the Soviets. Agents and operatives from the states (never Soviet nationals) come and go with little risk of detection.

Information and documents, especially those purloined from high-tech industries in California's "Silicon Valley," can be dropped off.

Continued

Travel back and forth across the Mexican border is simple, with record keeping perfunctory, at best.

• Both countries, but Canada in particular, are used as diversion points for acquiring U.S. and Western high technology goods and information.

Canada's membership in NATO, its military cooperation with Washington and its historically open trade border with the United States (no export licenses are required for shipments) make that country particularly valuable in this regard.

Mexico, while far less technologically developed than either of its two northern neighbors, is seen as having a growing role in technology acquisition, especially given its proximity to the West Coast high-tech industry.

• Major U.S. acquisition targets include high technology goods and know-how, especially relating to semiconductor manufacturing and military information. Also of priority is the recruitment of agents having access to secrets. The placement of agents and "illegals" in the federal government, especially in the intelligence agencies, is a constant goal.

• The Soviets use a "vacuum cleaner approach" toward obtaining information in the United States, including a massive effort to acquire tens of thousands of unclassified technical reports and magazines yearly.

Eavesdropping on microwave telephone and telex communications is such a priority that nearly every Soviet-controlled embassy and com-

mercial building in the country is equipped with electronic intercept and recording equipment.

These facilities include their embassies in Washington and New York, their consulate in San Francisco, their "recreation center" on the Eastern shore of Maryland and residential complex in Riverdale, N.Y., and East European commercial establishments across the nation.

Key words and selected telephone numbers are programmed into computers that scan thousands of simultaneous conversations plucked out of overhead microwave traffic channels. When a computer detects one of the target phrases or numbers, the conversation is automatically recorded. The tapes are sent regularly to Moscow where experts translate and analyze their content.

• The manipulation of U.S. foreign policy through "active measures," such as disinformation, forgeries and support for disarmament movements is another priority, which comes under the direct supervision of the KGB.

Former U.S. Attorney General William French Smith termed these "hostile active measures" as among the most insidious of the means used to influence public opinion and the political process through "disinformation" and "agents of influence."

The KGB delineates several types of agents and operatives in its global network. An agent who actively and knowingly cooperates is called a principal agent, or *osnovny agent*. Those who politically agree with Soviet direction but who have not been formally recruited by the KGB are called *doveryonnoe litso*, or trusted person. Finally, there are those the KGB calls *tyomhaya verboura*, or unconscious source. They serve the KGB's interests without knowing it; Lenin termed them "useful idiots."

One indication of the growing importance the Soviet ruling apparatus places on the KGB can be seen from last month's elevation of KGB chief Viktor M. Chebrikov to be a full voting member of the Soviet Politburo, Western analysts say. Over the past 20 years, the number of KGB officials on the Central Committee has increased fourfold.

Mr. Chebrikov, a protege of the late Yuri Andropov, runs his worldwide network out of a nine-story building at 2 Dzerzhinsky Square, just a mile from the Kremlin. It was the former Lubyanka Prison, site of countless executions of those found guilty of "counter-revolutionary activities." Political rivals occasionally met similar fates there.

The KGB, or Committee for State Security (*Komitet Gosudarstvennoi Bezopastnosti*), is said to employ some 500,000 officers, technicians, clerical workers informants in the Soviet Union. The major thrust of its activities is on keeping tabs on its own citizens, operating an internal security network that includes overseeing the elite border guards.

The KGB's First Directorate is in overall charge of foreign operations. While it comprises only 15 percent of the KGB's total personnel, they are, in the words of one former counterintelligence official, "the cream of the crop."

Worldwide, the KGB is estimated to control 700,000 agents and an equal number of informers. Massive as this network is, it does not operate with complete impunity — at least not in the United States. In the past five years U.S. counterintelligence capabilities began to reverse declines that resulted from congressional attacks in the late '60s and '70s.

But continent-wide, numerous problems remain. One of them is ongoing and institutional. While the Soviet network can work without much difficulty over the borders of the three North American countries, counterintelligence efforts are hampered by significant institutional as well differing national interests.

Meanwhile, Soviet-backed intelligence activities show no sign of letting up. As the FBI's intelligence chief O'Malley puts it, "The KGB is very large, very well trained [and use] very bright people. The Soviets can choose among the elite of Soviet society for the KGB."

**Tomorrow: Soviet activities in Mexico.**

ARTICLE APPEARED  
ON PAGE 1-AWASHINGTON TIMES  
20 May 1985

# Russians are 'robbing us blind'

THE WASHINGTON TIMES

"We all know that the Soviets are robbing us blind," says presidential science adviser George Keyworth.

He is referring to the acquisition of U.S. high technology. Buying it or stealing it, by hook or by crook, is one of the principal secret missions of Soviet bloc agents in North America.

"I think there is an increasingly wide perception that we've not been as good as we could in running faster in this security competition," he admits.

Attorney General Edwin Meese adds, "A great deal of the technological advance by the Soviet military has been a result of stolen technological data from the United States."

Acquisition of U.S. high technology is one of the main activities of Soviet bloc agents in North America, according to senior U.S. officials.

As troublesome as the problem is, it is expected to get worse as more U.S. companies undertake Pentagon-funded research into the Strategic Defense Initiative, or "star wars" technologies. These anti-missile systems employ high-powered lasers or particle

beams using futuristic technologies coveted by the Kremlin.

The Soviets have been working for 15 years on developing their own "star wars"-type system and reportedly have made gains in theoretical studies. But they are said to seek the precision engineered components and know-how developed by U.S. firms through very costly and time-consuming research and development.

Officials in the U.S. intelligence and enforcement "community," as they refer to

themselves, claim they know fairly well how Soviet bloc agents are attempting to purloin U.S. science and technology.

But, they add, the KGB, GRU and East European surrogate services in turn have become more sophisticated. It is a cat-and-mouse game that is played across the face of the United States and spills over into Canada and Mexico, where surveillance and restrictions are not as great.

Fundamental objectives of the Soviet high-tech effort include raw data, plans and studies, hardware, such as high-speed computers and semiconductor manufacturing equipment and advanced software or programming instructions for sophisticated data processing applications frequently having military applications.

"Hardware, but also documents are just as valuable," says Stephen Bryen, deputy assistant secretary of defense and an expert on technology diversion.

William von Rabb, commissioner of the U.S. Customs Service, agrees. "What we're dealing with here is equipment — hardware — things that the Russians either need or want to maintain their military, industrial and scientific operations. It's a terribly expensive operation to set up to make some of this equipment," he says, so they seek to steal it.

Targets of this Soviet acquisition effort include almost any private company, university or contractor engaged in science and technology. More than one million Americans in industry alone have been granted security clearances.

"Never before in history," says FBI Director William Webster, "has the U.S. been faced with as many cases of espionage." It used to be that ideology was once the main lure, he adds. Now it's simply greed, or money.

Prime targets include the hundreds of small- to medium-sized high-tech firms that populate California's "Silicon Valley" south of San Francisco and their counterparts along the East coast, from Boston to the Capital Beltway in Washington.

These and hundreds of other firms specializing in advanced computers, memory designs, peripherals and software have sprung up across the country. Many of these companies are run by young entrepreneurs; most are hungry for capital — a fact that officials say make them tempting targets of Soviet bloc operations.

But large and established companies, especially those having defense contracts, also attract KGB scrutiny. More than 600 firms in Silicon Valley alone are engaged in some form of classified government work.

But intelligence experts estimate that the Soviets get 90 percent of their scientific and technical information from open sources. Hundreds of agents under the control of Directorate T of the KGB comb through publicly available Western scientific and technical publications.

These officials and operatives

attend scientific conferences and trade shows and join scientific societies — all in the hopes of gleaned useful information as well as seeking potential recruits, says Edward O'Malley, director of the FBI's intelligence division.

Scientific and technical information often is sent back to the Soviet Union for translation and analysis. This open-source information, Mr. O'Malley says, "helps them to orchestrate their clandestine operations."

"They know from overt sources that something is being produced by a certain company. If they know that they cannot get it overtly, they call on the covert side to see if they can do it," he says.

The KGB, he says, frequently "tasks" East European agents in the United States to collect the desired technology. This not only is a good use of available labor but it has an added advantage: the East Europeans are not subject to the 25-mile radius travel restrictions as Soviet diplomatic personnel are.

In fact, Soviet use in the United States of East European services — the Poles, Hungarians, Czechs, East Germans and Bulgarians — appears to be on the increase.

The National Technical Information Service (NTIS), for instance, is a federally funded program operated by the Commerce Department. Each year NTIS makes publicly available some 80,000 scientific and technical documents on a wide variety of topics, including tens of thousands that are military and defense-related. Defense intelligence officials said that the Soviets had been ordering each of the 80,000 documents offered.

Commerce Secretary Malcolm Baldrige, not usually thought of as a hardliner on strategic trade issues, recently called NTIS "a massive giveaway program" that greatly benefits the Soviets.

In 1982, the Soviet Embassy was cut off from the services of NTIS. But since then, East European diplomats and commercial establishments have correspondingly increased their orders for the NTIS documents. They then quite simply turn the reports over to the KGB.

Much of the KGB's bidding is done by the East Europeans through their legally established commer-

Continued

cial trading operations in the United States. The FBI's O'Malley says that the number of East European commercial enterprises now numbers about 230, up from 100 three or four years ago.

Representatives of these trading companies are free to travel to areas restricted to Soviet personnel, including Silicon Valley and Las Vegas (which is off-limits due to its proximity to Nevada nuclear testing sites).

The Polish-American Machinery Corp., known as Polamco, has offices in seven U.S. cities. In 1981, Marion Zachharski, who was Polamco's president, was convicted on espionage charges and sentenced to life in federal prison. In 1978 he recruited William Holden Bell, a radar expert employed by Hughes Aircraft Co.

Mr. Bell testified that he gave Mr. Zachharski some 20 classified defense reports over a three-year period in exchange for about \$110,000. The technology was valued in the hundreds of millions of dollars; the loss to U.S. national security was inestimable, officials said.

Soviet bloc agents also operate clandestinely as an "illegal" or under a "false flag," Mr. O'Malley explains. As an "illegal," an agent portrays him or herself under an assumed name and an assumed "legend" or cover to disguise his or her true identity and background.

Under a "false flag," an East German agent might claim to be from West Germany and a Czech agent might claim to be from France. This is done, Mr. O'Malley says, to ease American apprehension of talking with someone from the communist bloc.

One big problem, U.S. officials agree, is corrupt U.S. businessmen who place profits above the law and national security. "Corrupt middlemen [are] prepared to do business with a foreign agent," says Customs' von Raab.

"Whether he knows or cares if that fellow is a KGB agent is almost irrelevant to the guy who wants to make a fast profit."

Sen. Dave Durenberger, R-Minn., chairman of the Senate Intelligence Committee, bemoans the fact that "we have an unfortunate situation in this country in which we are trusting a lot of very good technology to a lot of people who can be easily bought."

Two weeks ago a Maryland engineer was sentenced to five years in prison and fined \$110,000 for violating federal export laws.

D. Frank Bazzarre, chairman of the board of Technics, Inc., admitted

in court that he illegally sold microcircuits abroad. The federal prosecutor for the case said that the microelectronic production equipment Mr. Bazzarre supplied was transshipped to East Germany, Poland and the Soviet Union, where they "enhanced ... military capabilities and threatened our national security."

And two weeks ago a high-ranking East German trade official was in town to encourage U.S. high-technology exports to that country.

Gerhard Bell, second highest official of the GDR's Foreign Trade Ministry, told the U.S.-East German Trade Council that they are willing to give "priority" to U.S. exports of microelectronics, energy, machine and other industries during the next five years.

Customs and FBI officials say that U.S. capability to clamp down on Soviet bloc technology acquisition efforts is improving. Much of the credit, they say, goes to those businessmen in the private sector who have become sensitized to the Soviet efforts and now actively cooperate with federal law enforcement efforts.

But J. Fred Bucy, president of Texas Instruments and an expert on Soviet technology theft, says that such enforcement activities as Project Exodus have not been successful.

"There's no doubt about it. They've not been successful in what they set out to do," he says, "because they've been concentrating on products and not technology." Technology or know-how is more of a security threat because it can be directly applied to Soviet military purposes.

The Soviet-U.S. cat-and-mouse game of technology acquisition remains an uphill battle, and the stakes are very high.

A Pentagon report released last week assessed the cost benefits that accrued from denying specific technologies to the Soviet Union. Between 1983-84, the report found, the United States and its allies saved up to \$17 billion in weapons development by not allowing the Soviets access to specific technology for which export licenses were openly requested.

Acquiring the technology, on the other hand, would have saved the Soviets anywhere from \$6.6 billion to \$13.3 billion between now and 1997 in weapons development, according to Richard Perle, assistant secretary of defense for international security policy.

Last month French intelligence officials released confidential Soviet documents that they had acquired detailing the Kremlin's success in clandestinely acquiring Western technology for military use.

The Soviet Ministry of Aviation Industry, which is responsible for aircraft development, alone saved \$256 million by obtaining advanced Western technology between 1976 and 1980 — most of it from the United States.

The purloined technology was used to solve design construction problems in weapons aiming systems for advanced Soviet jet fighters, including the MiG-25, Su-25 and Su-27 aircraft, the Soviet report stated.

— Ted Agres

## KGB: TARGET AMERICA

A five-part series

**TODAY:** How the Soviet spy apparatus is stepping up its efforts in North America

**TUESDAY:** Mexico: KGB's "safehouse" against the U.S.

**WEDNESDAY:** How Soviet bloc intelligence operates in Canada

**THURSDAY:** The KGB's "active measures" in the U.S.

**FRIDAY:** How the KGB goes fishing for recruits

ARTICLE APPEARED  
ON PAGE 1-A

WASHINGTON TIMES  
21 May 1985

# Mexico a 'safehouse' for Soviets spying on U.S.

Second in a five-part series

By Roger Fontaine  
THE WASHINGTON TIMES

MEXICO CITY — Just off a congested freeway, in a rundown neighborhood south of this city's center, sits an odd, out-of-place mansion, partially hidden by trees and a dark green fence.

Built in the 1920s as a private residence, the gray house at Avenida

Tacubaya 204 is identified only by a small brass plate in Cyrillic letters as the embassy of the Union of Soviet Socialist Republics.

Those who seek to enter the embassy must wait in their cars between double gates until cleared. The embassy's interior has been described as "pure Charles Addams" — dark and vaguely menacing.

As many as 350 Soviets are at work inside; 100 to 150 of them are

embassy officers. Counting the employees of TASS, Aeroflot and the Soviet trade organizations, the number of Soviets in Mexico City rises to 400 or more.

Knowledgeable sources, including present and former intelligence officials here and in the United States, say 30 to 40 percent of these

Soviet officials are actively engaged in espionage activities under the auspices of the KGB or its affiliated military intelligence directorate, the GRU.

Their primary target, the sources agree, is the United States.

Simply put, Mexico City hosts one of the largest Soviet intelligence stations in the Free World. Counting Cuban and East European countries whose intelligence services are integrated with the KGB, there are

approximately 600 communist-bloc diplomats and officials working in Mexico. In the words of one counter-intelligence expert here, "Mexico is one giant safehouse" for the Soviets, meaning they have virtually free rein to do as they please.

Officials in Washington are expressing increasing concern over efforts against U.S. interests by the KGB and its proxy services from

our neighbor to the south.

The Soviets seem interested in two main areas — stealing U.S. secrets, primarily high-technology documents and information, and recruiting and "running" agents into and out from the United States, officials say.

Mexico provides an ideal location for this, having a largely unguarded, nearly 2,000-mile open border with the United States. The Soviets also take advantage of Mexico's laid-back, benign tolerance of espionage — as long as it is not directed against them.

"There isn't any sense in Mexico of a KGB threat," says U.S. Customs Commissioner William von Raab.

The Soviets historically have considered Mexico to be one of the three best places in the world to operate, the others being Vienna and Geneva. This makes Mexico City a prize assignment for the new breed of ambitious KGB officers who are polished, suave and fluent in both Spanish and English.

This sprawling capital of 17 million people is ideal, too, for agent contact since there is little likelihood of surveillance.

It is a relatively simple matter for an agent to drop off whatever sensitive material he has and to do it with little chance of detection.

"The KGB has a huge operation in Mexico City," Mr. von Raab told The Washington Times. "The Mexican border is a serious problem both for drugs and for smuggling technology. The KGB is free to operate in Mexico."

One of the most notorious U.S. espionage cases involving Mexico is that of Christopher Boyce and Andrew Daulton Lee — "the Falcon and the Snowman."

Boyce, a one-time employee of TRW Systems Group in Redondo Beach, Calif., and Lee, a boyhood friend, were convicted in 1977 of selling U.S. secrets to the Soviets. They had handed over top-secret documents and satellite surveillance



information to the Soviets in Mexico City, occasionally making contact at the Soviet Embassy itself.

In 1981, Joseph G. Helmich Jr., an Army warrant officer, pleaded guilty on conspiracy charges. For nearly two decades he had been selling the Soviets U.S. military secrets, including sensitive cryptographic information on military codes.

Helmich never delivered those secrets to the KGB in the United States, but took them to Paris and Mexico City. For his efforts, he was given the rank of colonel in the Soviet army, a distinction he enjoys

today in an American jail with a life sentence.

One favorite KGB activity, according to intelligence sources, is "spotting" — the practice of singling out Americans in sensitive positions who might be vulnerable to recruitment.

According to one former U.S. intelligence official, the practice extends to Soviet officers eavesdropping on conversations of Americans in this city's bars and hotels for interesting tidbits and clues for approaching them.

The GRU, the military arm of Soviet intelligence, is given the task of handling U.S. armed forces personnel, with their agents and contacts easily shuttled between here and the United States. But the division of labor tends to break down when it comes to obtaining military technology.

"GRU officers have a reputation for being hamhanded. They walk

Continued

into a bar and immediately try to recruit an American," says one former intelligence officer here.

"The KGB is better on sensitive operations than the GRU," one intelligence source said, including in his assessment the acquisition of military technological secrets.

To do this, the KGB residence here works closely with its counterparts in the San Francisco consulate which, for years, has specialized in the illegal acquisition of high technology, especially from California's "Silicon Valley" and other high-tech firms throughout the Southwest.

To get the documents from the United States back to Mexico City, the KGB uses American citizens or other non-Soviets as couriers. Officials report that in some cases flight attendants have been recruited by the KGB as couriers and take advantage of the nearly 100 flights weekly from California to Mexico City to transport the purloined material.

Travel to Mexico from the United States is easy, and virtually no accurate records are kept. One former counterintelligence official said that anyone can make a plane reservation under an assumed name and fill out the tourist card with the same name. Immigration and customs in Mexico City are perfunctory, he said.

"It is a simple matter to meet your case officer in Chapultepec Park without anyone spotting you," the former official added.

The Soviets also enjoy a rough division of labor with their East European and Cuban surrogates who conduct clandestine efforts on their behalf. Officials from and agents for Czechoslovakia, Bulgaria, Poland, East Germany, and the Cubans are assigned specific tasks by the KGB.

The Czechs, for example, are known for their skill at planting bugs and devote considerable time and effort to accomplishing their assignments, especially in Western diplomatic residences and embassies.

James Harper Jr., who had access to technological secrets from the Silicon Valley area of California, passed highly sensitive documents on the Minuteman missile and other military secrets to the Polish intelligence service in Mexico City.

For 2½ years beginning in 1979, Harper fed volumes of classified data to the Poles. While the Poles did the leg work, the Soviets reaped the benefits. They verified the importance of the information Harper supplied and even handed out commendations — one signed by Yuri Andropov himself — to the case officers involved. Last year, Harper was sentenced to life imprisonment on espionage charges.

The acquisition of technology through the Mexico channel, according to intelligence sources, frequently involves the theft of documents and information from the United States, but seldom the equipment itself.

In general, the Soviets seek a wide range of U.S. technology, according to Dr. Stephen Bryen, deputy assistant secretary of defense for international economic trade and security policy.

Documents "are just as valuable" as hardware to the Soviets, Mr. Bryen says. "Software has become the new thing."

A comprehensive report on "Soviet Acquisition of Western Technology," compiled by the CIA in 1982, lists areas of major Soviet interest. These include computers, data bases, memories, image processing design, superconductor materials, semiconductor design and production technology, microwave and millimeter wave communications and control equipment, lasers and microbiology equipment and information.

"They've still not managed to produce the computers they desperately need, so they just steal them," Mr. Bryen told The Washington Times.

Mr. von Raab, the Customs commissioner, maintains that his agency, through its Operation Exodus program, has been making progress in educating U.S. firms to watch out for unscrupulous buyers who may be fronting for the Soviets.

And Theodore Wu, who heads up the Commerce Department's Office of Export Enforcement, says there have not been many major cases of diverting or smuggling high-tech equipment over the border into Mexico.

But the Soviets have begun to set up Mexican cover firms to purchase sensitive technology from U.S. electronics manufacturers, according to sources. In this effort, however, they shy away from the large, well-known companies wary of unknown or new buyers.

Rather, the Soviets target smaller, often financially struggling, firms that are eager to make sales and which may not ask too many questions.

And some officials worry that, as Western allies and neutrals get better at clamping down on illegal transshipments through firms in their countries, the Soviets will increasingly turn to such less developed countries as Mexico through which to ply their trade.

U.S. officials hope to discuss the issue of Soviet technology diversion with their Mexican counterparts in the near future, according to

sources. But given the present tenseness resulting from the recent death of a U.S. Drug Enforcement Agency agent in Mexico and continuing immigration and border problems, no one is taking bets on how such talks might develop — if they do at all.

"We have identified the potential problem early, but, because of all the other difficulties, no one wants to create an additional problem now," one official remarked.

"But I guess we have to have a couple of serious diversions before we make it a negotiating priority," he added.

Mexico also has the dubious distinction of being a place where U.S. officials can make undercover contact with Soviet officials without embarrassing TV lights or reporters' questions.

While the Soviet-bloc intelligence presence in Mexico is large, Moscow has been intent on increasing its capabilities here. For years, the Soviets have pressed the Mexican government for permission to establish 10 consulates along the U.S. border, according to congressional sources.

In fact, they received the go-ahead in 1981 from the Mexican foreign ministry. It was vetoed by then-President Lopez Portillo's office in 1981, and the Soviets had to settle for one consulate in Veracruz in 1981, far from the border.

While there are some indications that Mexican authorities are taking a dimmer view of Soviet espionage in their country, the situation is far from settled.

Mexico's counterintelligence agency, the Direccion Federal de Seguridad, went into a steep decline starting in 1981 when an experienced professional chief was replaced with a political appointee with no intelligence background, according to a former U.S. intelligence officer with long experience in Mexico.

The DFS has been undergoing a thorough shakeup in the aftermath of the murder of a U.S. Drug Enforcement Agency officer in Guadalajara in February, sources say. A subsequent investigation has revealed serious corruption involving DFS officers and drug traffickers.

So serious were the charges that the head of the DFS, Luis Zorilla, was fired in March. Recent press reports say Mr. Zorilla is running for political office from the state of Hidalgo.

The new head of the service, Pablo Gonzalez, is said to be a professional from within the service. The choice, according to knowledgeable sources, was a sur-

Continued

prise since he was not previously a top official. He has, nonetheless, a reputation for competence and for not being anti-American.

It is too early to predict the effect of the shakeup on Mexican counter-intelligence capabilities. But one State Department official maintains that surveillance by the DFS improved even before its recent changes.

But others remain unconvinced. They say that decades of laxity and acquiescence cannot be quickly changed. As one former top U.S. intelligence official put it, for Soviet espionage activity in Mexico, "it's like playing tennis without the net."

*Washington Times staffer Ted Agres contributed to this report.*

**Tomorrow: How the KGB operates in Canada.**

## **KGB: TARGET AMERICA**

A five-part series

**MONDAY:** How the Soviet spy apparatus is stepping up its efforts in North America

**TODAY:** Mexico: KGB's "safehouse" against the U.S.

**WEDNESDAY:** How Soviet bloc intelligence operates in Canada

**THURSDAY:** The KGB's "active measures" in the U.S.

**FRIDAY:** How the KGB goes fishing for recruits



ARTICLE APPEARED  
ON PAGE 4-A

WASHINGTON TIMES  
21 May 1985

# Cuba operates as KGB's chief errand boy in Mexico

THE WASHINGTON TIMES

MEXICO CITY — In this city's secret world of intelligence operations, the Soviet Union does not act alone. Every Soviet bloc country — including remote Mongolia — has an embassy in the Mexican capital.

According to well-informed sources, each supports the Soviet effort in one way or the other.

"All are running errands for the Soviet Union," says one Western diplomat.

It is Cubans, however, who are said to be one of the most active of Moscow's allies. Their center for operations is their embassy — a massive, modernistic building in Polanco, an upscale section of Mexico City.

The Cuban Embassy is located on a broad, palm-lined avenue running through the western part of the city, just beyond elegant furniture stores (Galeria Chippendale) and boutiques (Gloria Vanderbilt). It takes up a full square city block — a gift from the Mexican government ("along with the bugs they left behind," according to one Western diplomatic source).

One former U.S. intelligence officer with experience in Mexico says there are 95 officers in the Cuban embassy — the largest such representation after the Soviet Union itself.

It was not always so. For the first decade of Castro's rule, the embassy was far more modest, having no more than 35 officers. After 1968, when Cuban foreign policy fully aligned itself with Moscow, the number of officers mushroomed.

Havana has the most active intelligence station in this city after Moscow's, with both of Cuba's intelligence arms — the Direccion General de Inteligencia (DGI) and the Americas Department — represented. This large presence demonstrates the importance Fidel Castro attaches to Mexico in his overall intelligence and political effort.

While the DGI has become the Spanish-language branch of the KGB since the early '60s and has been used to supplement Soviet intelligence efforts, it differs from East European services in that its

efforts are not principally aimed at U.S. industrial espionage but handles Mexican operations as well.

There are reports that the DGI has been involved in training Mexican terrorists, but this is largely unsubstantiated. One State Department official said Mexicans were taken to Cuba for training, but doubted that terrorists had been trained for operations here.

That view is shared by several former U.S. intelligence officials who remain up-to-date on Soviet and Cuban activities in Mexico. At least one West European intelligence service reported in a confidential analysis late last year that Cuba was "unlikely to promote any dissidence" in Mexico.

The widely held belief by intelligence sources here and in Washington is that Mexico and Cuba have agreed to an unwritten code of conduct. In this, Havana doesn't foment social unrest in Mexico and Mexico City supports Cuba's foreign policies.

But other sources say the Cubans are indeed active in this country.

They report that they have been agitating peasant groups in southern Mexico, specifically in Chiapas, a state that borders Guatemala — a region with a long history of separatism.

One effort in which Cuban intelligence has actively participated is disinformation — the fabrication of misinformation and planting it in the generally pliant and generally anti-American Mexican press. From there it frequently gets picked up and repeated by U.S. and other media representatives.

According to well-informed sources here and in Washington, some Mexican journalists have been on the Cuban payroll.

The Cuban Americas Department's portfolio also includes running operations out of Mexico directed at Central America — primarily Guatemala — and providing support for left-wing revolutionaries based in Mexico, according to U.S. diplomatic and intelligence sources.

Cuban operations are not limited to Mexico City. Havana also has a

small consulate in Merida, the capital of Yucatan. What Merida does is a matter of dispute within U.S. intelligence circles. Estimates range from it being a conduit into Guatemala for guerrilla operations to it serving as another transit point for Mexicans going to Cuba.

The Cubans are not the only Soviet partners working in Mexico. The Czechs, in particular, have a reputation of being especially active among the Eastern bloc.

According to reliable sources here and in Washington, the Czechs perform standard aspects of intelligence tradecraft, and are considered specialists in planting bugs in Western embassies and residences.

They also are used in attempting to recruit Mexican and U.S. citizens working for the American Embassy here. "It's the lonely secretary" they attempt to recruit, says one former American intelligence official with four years experience in Mexico City.

"Sometimes they use Czechs, but more often they use some Mexican gigolo," he said.

— Roger Fontaine

ARTICLE APPEARED  
ON PAGE 1-AWASHINGTON TIMES  
22 May 1985

# Canada confronts its 'leaky' border

Third of a five-part series

By James Morrison  
THE WASHINGTON TIMES FOREIGN SERVICE

OTTAWA — Two years ago, when Brian Mulroney was leader of the opposition party in Parliament, he declared this Canadian capital was "knee-deep" in Soviet spies.

Today Mr. Mulroney is prime minister, and his Progressive Conservative government has the responsibility of cleaning up what he saw as a nest of spies.

The task of monitoring, controlling or reducing the number of Soviet bloc secret agents has been and will continue to be an enormous one, according to intelligence sources.

What makes Canada such an apparent happy hunting ground for the KGB? Sources here and in Washington point to several reasons:

- Canada has a relatively open border with the United States making travel fast and, in most cases, untraceable. This means that intelligence agents operating in the states can meet their KGB controllers in Canada with little risk of surveillance.

Until very recently, Canadian officials had put little effort into monitoring activities of espionage agents in their own country.

- Canada is a NATO ally and a close strategic partner with the United States. Many U.S. military secrets are shared with the Canadians. Canada cooperates with the

United States for such critical military operations as command and control and early warning radars (which are scheduled for major upgrading).

A senior U.S. intelligence official in Washington told The Washington Times that Canada is expected to play a key role in eventual operation

of the Strategic Defense Initiative or "star wars" defense system.

- High technology equipment, such as computers and semiconductor manufacturing equipment, may be exported from the United States



to Canada without the complex licensing and review process reserved for export sales to most other countries. This allows corrupt businessmen in the United States and in Canada to illegally re-export these items to Eastern bloc destinations in exchange for high profits.

Canada has recently gone through a protracted and disputed effort to establish a credible internal counterintelligence capability. The fledgling Canadian Security Intelligence Service (CSIS) has just begun to take over from the once-effective but more recently limited efforts that had been made by the Royal Canadian Mounted Police.

"Our government [the Progressive Conservatives] has recognized the need to purposely increase our commitment to security and intelligence and national defense efforts to protect our sovereignty and to honor our obligations to our allies," said Elmer MacKay, the Canadian solicitor general in charge of the CSIS and the RCMP.

"The Parliament of Canada, in passing the Canadian Security Intelligence Service act, showed its intent to take the threat of international espionage seriously," he told The Times.

"It is our duty to prevent leakage, particularly involving high technology information."

Many laud Mr. MacKay's intentions. But some observers here claim that the effort is too late and too little to counter effectively the

long, concentrated push by the Soviet bloc to penetrate Canadian society and institutions.

Arkady Shevchenko, the high-ranking Soviet diplomat who defected to the United States in 1978, claims Soviet spies have "penetrated Canada very heavily."

John Starnes, a former Canadian diplomat and former director of the government's counterspy agency, calls Canada "the target of extensive espionage activity by the Soviet Union that has increased dramatically" since 1983.

Soviet activity in Canada was first documented in 1945 in the celebrated case of Igor Gouzenko, an obscure cipher clerk at the Soviet Embassy here who defected with 109 secret documents under his arm.

The Gouzenko affair sparked an intense effort to break up a Soviet spy ring on two continents and is credited with helping launch the Cold War.

Canada has expelled 19 Soviet spies since 1978 and has uncovered some embarrassing Canadian skeletons in top-secret closets, including the spy Hugh Hambleton, now serving 10 years in a British prison; and a member of the RCMP who is currently fighting a spy charge.

"Scores of Canadians have been blackmailed or coerced into working for the Soviets," said a high-level intelligence source who asked not to be identified.

Some observers of the murky world of espionage doubt Canada's resolve to tackle the problem.

They say the Soviet secret service, the KGB, and its Russian military counterpart, the GRU, operate easily in Canada because of the country's openness and reluctance to see itself as a target of Soviet spies.

"The average Canadian doesn't even think about it," the source said of KGB activity. "They think it's a great big joke."

Also, the KGB has grown over the past two years as it took advantage

Continued

of government confusion in creating the new CSIS, which took over from the Royal Canadian Mounted Police, several intelligence sources have said.

Soviet personnel at the Soviet Embassy here in Ottawa and at a consulate in nearby Montreal number about 125, although only 37 are accredited diplomats. That number is increased by another 100 when accredited diplomats from Bulgaria, East Germany, Czechoslovakia, Hungary, Poland, Romania, Cuba and Nicaragua are added in.

And these figures include only accredited diplomatic personnel, not their spouses and staffs, an External Affairs official said. Intelligence sources estimate that 40 percent of these personnel are actively engaged in espionage.

By contrast, Canada has about 40 diplomats in Moscow, none of which is involved in spying because Canada has no foreign espionage service such as the KGB or CIA, according to Canadian officials.

"Canada is a staging ground" for Soviet espionage operations, said a former counterintelligence officer. Agents can enter Canada easily because of liberal immigration policies and slip into the United States across the long, undefended border.

Aside from engaging in military espionage, the Soviets take advantage of massive Canadian-U.S. trade to gain industrial secrets — sometimes through legitimate sales and sometimes through shady methods.

Soviet spies also masquerade as Russian exiles to infiltrate and disrupt immigrant groups in Canada and use their Eastern bloc allies to expand their spy web, the source said.

"Canadians do not believe themselves threatened by espionage and international terrorism," Mr. Starnes wrote in a recent edition of *International Perspectives*, a Canadian journal on world affairs.

"We tend to think of ourselves as universally liked and that others perceive us as we see ourselves — peace-loving, honest brokers filled with good will toward everyone," he said.

Canadians also have a habit of "denigrating" the country's importance as a nation with military and industrial secrets worth stealing, he said.

"In fact," he said, "Canada is an important nation. Not only important, but, in relative terms, powerful."

Alliance with the United States and membership in the North Atlantic Treaty Organization makes Canada privy to top-level military secrets.

"This alone makes us an obvious espionage target," Mr. Starnes said. "In addition, the 3,000-mile frontier with the United States makes Canada an attractive launching point for intelligence and terrorist operations against our powerful neighbor."

The long, undefended border with the United States and billions of dollars in annual U.S.-Canadian trade make Canada an easy country

through which to steal trade secrets and smuggle advanced Western technology to the East.

Unlike most other countries, shipments of high-tech equipment between the United States and Canada do not require export license approval. "This puts a tremendous pressure on the Canadians because they have to enforce not only their own exports but ours, too," said Stephen Bryen, deputy assistant secretary of defense in Washington.

U.S. Customs Commissioner William von Raab said that Canadian officials have decided to establish their own version of "Operation Exodus" patterned after Customs' 3-year-old program to halt illegal technology diversion.

Canadian government officials will be seeking the cooperation of Canadian businessmen and exporters in clamping the illegal flow of goods to the Soviet bloc.

"The new Canadian government has a different attitude about this stuff" compared with the Trudeau government, Mr. von Raab said in Washington. The Trudeau administration "sort of yawned and said it wasn't happening," Mr. von Raab stated.

"I am very comfortable about the moves the Canadians are making" now, Mr. von Raab said.

Recent thefts of high technology from California's Silicon Valley have found their way into Soviet hands in Canada.

In one case, officials of a California firm, I.I. Industries, were convicted of selling semiconductor processing equipment to the Soviets without a license.

The firm had sent the equipment in crates marked "washing machines" and "industrial ovens" to Canada, where it was shipped to the Soviet Union through Switzerland.

U.S. Customs agents intercepted some of the crates and substituted the equipment with six tons of sandbags. As a final touch, they thumb tacked one of their business cards inside the lid. The Soviets, presumably, were not amused.

Sometimes through legally licensed sales, occasionally arranged through Canada, and sometimes through theft, the Soviets have nonetheless acquired technology in robotics, computers, radar, inertial guidance systems, lasers, metallurgy and integrated circuits.

These technologies, according to U.S. intelligence and military officials, are quickly applied to Soviet military projects. This process saves the Soviets billions of dollars in research and development costs each year.

Harry Lake, a Toronto private detective, says some of his corporate clients are victims of Soviet industrial spies.

"It's one of the biggest threats we're facing in the high-tech field," he said.

Mr. Lake, president of the Intro spec private investigation agency, said many Soviet spies leave Russia under the cover of Jewish exiles. Those "overnight Jews," as he called them, take jobs in small consulting firms for a few years and then graduate to large research companies.

They then take advantage of their inside information to help target new technology of interest to the Kremlin, he said.

Also contributing to this story were *Washington Times* staffers Ted Agres and Doug Lamborne.

**Tomorrow: How Soviet intelligence targets the United States.**

## KGB: TARGET AMERICA

A five-part series

**MONDAY:** How the Soviet spy apparatus is stepping up its efforts in North America

**TUESDAY:** Mexico: KGB's "safehouse" against the U.S.

**TODAY:** How Soviet bloc intelligence operates in Canada

**THURSDAY:** The KGB's "active measures" in the U.S.

**FRIDAY:** How the KGB goes fishing for recruits

ARTICLE APPEARED  
ON PAGE 1-AWASHINGTON TIMES  
23 May 1985

# Service A runs disinformation in West's media

Fourth in a five-part series

By Roger Fontaine and Ted Agres  
THE WASHINGTON TIMES

A few years ago details of a secret new U.S.-Swedish agreement surfaced in the United States.

The agreement was a bombshell: It would allow the United States to use neutral Sweden as a base for photographic reconnaissance missions against Warsaw Pact nations. Tele-

grams containing details of the arrangement were sent to the press, the Swedish mission to the United Nations and to the U.S. ambassador to Sweden.

Such a serious violation of Sweden's cherished neutrality should have generated an international uproar. But there was little reaction.

The reason is simple: There was no agreement. The whole thing was a scam, the work, officials believe, of the KGB's Service A in charge of "active measures."

Soviet intelligence didn't cover its tracks very well. The scheme fell apart when the purported senders complained about bills from Western Union for telegrams they never sent.

The FBI concluded that the KGB was behind the scheme because the telegrams were written by a non-native speaker of English but demonstrated a good knowledge of photo reconnaissance techniques and a familiarity with the names of appropriate officials in the departments of State and Defense.

Moreover, they appeared at a time when the Soviets themselves had been seriously embarrassed by their Whiskey class submarine being caught trespassing in Swedish waters. Officials believe the forgery operation was intended to deflect world attention from this predicament.

Edward J. O'Malley, director of the FBI's intelligence division, says



that such KGB forgeries are not unusual. The KGB has one division that concentrates on this and other "active measures," including propaganda, deception and disinformation. Active measures is but one of a myriad of activities conducted by Soviet bloc intelligence in the United States.

Mr. O'Malley says the KGB's "general objectives are the collection of political, economic, military and — increasingly in recent years — Western science and technology."

As the "main enemy" (*glavnyy protivnik*) of the communist world, the United States is the object of concerted Soviet attention. U.S. officials and analysts say the Soviets have a number of specific targets, including:

- recruitment of agents, their handling and, if possible, placement into sensitive government and industry posts where they can feed information to the KGB;

- handling of "illegals" — agents who have been infiltrated into this country under false passport and who live under false identities;

- electronic eavesdropping and espionage to acquire military and industrial secrets;

- acquisition of high-technology equipment and know-how;

- clandestine activities, including

"active measures" to promote or influence Soviet policy objectives;

- operation of commercial fronts, including those of East European trading companies, to buy, borrow or steal technology.

"The KGB is a classier operation today than it used to be," says Sen. David Durenberger, R-Minn., chairman of the Senate Intelligence Committee.

While the Soviet Union has missions only in Washington, New York, and San Francisco, East European countries have facilities, such as commercial offices in major

cities across the country. And while Soviet diplomats in Washington and San Francisco are not supposed to travel beyond a 25-mile radius without prior U.S. approval, their Eastern European colleagues have no such restrictions.

The Soviets do not act alone in this country but employ or "task" the services of East European surrogates, such as East Germany, Czechoslovakia, Romania and Poland. The Cuban intelligence service — DGI — has been used by the Soviets with increasing regularity, U.S. intelligence sources say.

Some East European services specialize in certain operations. The East Germans, for instance, are good at electronic surveillance and bugging; the Czechs are used to watch the ever-increasing emigre communities. This division of labor not only promotes efficiency, it also allows the Soviets a plausible excuse in case they need to officially deny spying charges.

Experts judge the Czechs as being the most capable and reliable; the Poles, from Moscow's point of view, remain the least trustworthy. For while Polish intelligence officers are rated highly in professional terms, they have a tendency to defect.

Even the Romanian service, whose government has established a measure of independence from the Soviet Union, cooperates completely with Moscow in intelligence tasking. So close is that relationship that, as with other East European services, the Soviets often take over a promis-

ing operation that the Romanians may have started.

"Their degree of independence politically does not extend to the intelligence officer," says one former FBI official.

Continued

KGB defector Stanislav Levchenko, who worked for Soviet intelligence in Japan, has testified that his journalistic cover was as a correspondent for New Times magazine. That publication had 12 foreign correspondents abroad, 10 of which were KGB operatives, he said. He further testified that half the employees of Aeroflot in Japan were also working for the KGB. U.S. officials say similar situations exist in all major world capitals.

Soviet bloc intelligence officers are also placed in the United Nations Secretariat. "Those people ... are under the complete control and direction of their mission, and through the mission of very senior agencies and people in their government," says the FBI's O'Malley.

As far as the United Nations goes, it is "a real nest of [Soviet] espionage," and the largest "safehouse" the KGB enjoys in the United States, according to Attorney General Edwin Meese.

In fact, the Soviets are deeply entrenched in New York. In addition to the U.N. Secretariat, the KGB has officers under official cover at the large Soviet, Ukrainian and Byelorussian U.N. missions on 67th Street. Amtorg, the Soviet trading company on Third Avenue, and the TASS offices located in Rockefeller Plaza are likewise staffed with

Soviet intelligence operatives.

According to one former CIA counterintelligence officer, the Soviets are more active in New York than in Washington. The Soviets prefer New York because it is larger, more complex and far easier than Washington to avoid U.S. counterintelligence observation.

"You can get clean in New York by getting on the subway" or into Bloomingdale's, says a veteran source, referring to the intelligence officer's biggest problem — losing his surveillance. "You can't do that with Metro" or in Garfinckel's.

Supplementing the efforts of intelligence officers with official cover are the so-called "illegals" — men and women who have entered the country with false documents and pose as U.S. citizens. Many are dormant until activated by the KGB, and their number is unknown.

Getting illegals into the country has been easier with the step-up of Soviet and Cuban immigration — more than a quarter million immigrants have come to the United States since 1973 from these two countries alone.

"We believe that a small but significant fraction of these recent refugees have been agents of Soviet and

Cuban intelligence," then-Attorney General William French Smith said in testimony in 1981.

Young KGB officers assigned to the United States are typically among a new breed who have had substantial training in Western manners. Many are suave, well-dressed and speak flawless English without

a trace of accent. Some wear button-down shirts and Brooks Brothers suits.

Their training in Moscow includes study in such topical American interests as baseball team standings and players. This in-depth training gives them the ability to easily converse in a variety of social settings and help put potential targets at ease.

"They've got to look Western," adds a CIA official with a counterintelligence background.

"Some KGB officers still wear baggy suits, but they're in India where they wear baggy suits."

One U.S. source comments that a sure give-away that a Soviet is KGB is if he or she criticizes the Soviet system, leadership, or even the KGB itself. "Only those in the KGB have the license to bad-mouth," the source says. "They do it to put their Western contacts at ease."

One indication of their real intent, experts say, lies in their training. One of the first items of study for the KGB novitiate is Sun Tzu's "Art of War." Written almost 2,500 years ago, this classic on military doctrine is noted for its sublime advice: The best way of winning is to "subdue your enemies without ever having to fight them."

KGB officers will often have repeat tours to the United States, but because Moscow fears they may be recruited, there is generally a long gap between U.S. assignments.

While the KGB sends its best and brightest to do surreptitious battle here, FBI officials counter that the Soviet agents are not "10 feet tall."

"There's a substantial amount of corruption in the KGB; they know it and we know it," says Mr. O'Malley. That corruption often includes payoffs from lower-ranking officers to their seniors to grease the wheel for promotion.

The Soviet military intelligence arm, the GRU, is rated slightly lower in quality because of its reputation for impetuosity. But individual GRU officers are considered to be of a higher caliber than those in the KGB and possess a "higher degree of patriotism," as one former official said.

The GRU, however, covers only a part of the espionage spectrum —

those targets directly linked to the military. But as an aggressive junior partner in Soviet intelligence, the GRU has earned the respect of some in U.S. counterintelligence.

"If the GRU gets anything they'll go all the way, across the board. It doesn't matter what it is, they will take everything," said one former FBI official.

That gung-ho attitude, however, sometimes creates friction with the

## KGB: TARGET AMERICA

A five-part series

**MONDAY:** How the Soviet spy apparatus is stepping up its efforts in North America

**TUESDAY:** Mexico: KGB's "safehouse" against the U.S.

**WEDNESDAY:** How Soviet bloc intelligence operates in Canada

**TODAY:** The KGB's "active measures" in the U.S.

**FRIDAY:** How the KGB goes fishing for recruits

KGB. In that case, the latter always comes out on top, according to this official.

A typical Soviet officer's work routine involves contact with four or five agents working for him. At the same time he will be cultivating as many as 10 others. "One or two of them will be pretty good," according to a former CIA official. "But the FBI tries to keep him busy with double agents."

Intelligence officers with official cover spend little time at their professed jobs — as opposed to U.S. officers abroad. For the Soviet "journalist," articles appearing in his name are often written in Moscow.

The Soviet intelligence officer working in the United States maintains his own files — he has no secretary — and only his superior has access to his material.

"There is much less paperwork," the former CIA official said. "And it's a good way to do it, in contrast to the CIA," he said. But the drawback is that since Soviet agent work is so compartmentalized, a KGB or GRU officer may be unaware of parallel developments that might help his work.

When a KGB officer leaves the country, "it's a terrible mess" since his files are often skimpy and difficult to sort out, the U.S. source said.

**Tomorrow:** How the KGB recruits secret agents in the U.S.

ARTICLE APPEARED  
PAGE 8-AWASHINGTON TIMES  
23 May 1985

# 'Active measures' key to Soviet discrediting campaign

THE WASHINGTON TIMES

Its name bore awful irony — The Trust.

To its supporters in the 1920s — White Russians, anti-Bolshevik emigres, and concerned Western governments — The Trust was an underground organization in Moscow dedicated to the overthrow of the new Soviet regime. To them, it was worth great expenditure of money, faith and even human lives.

The Trust was, in fact, an elaborate scam, a front group set up and run by Felix Dzerzhinsky, founder of the Cheka, father of the KGB.

The Trust was part of the start of a tradition, of what KGB literature today calls *aktivnye meropriyatiya* — "active measures" — a broad term used to embrace forgery, disinformation, manipulation of foreign media, false rumor, use of agents of influence, clandestine radio stations, blackmail, bribery, and front groups.

Active measures, covert and overt, are distinct from espionage and counterintelligence. They are directed by Section A of the First Chief Directorate of the KGB where they enjoy ample financing and high priority, having been upgraded significantly during the 1970s. Many of Section A's more ambitious projects are known to command the attention of members of the Politburo.

They also command the attention of the CIA, State Department and other U.S. agencies charged with monitoring them and undoing their damage.

Active measures is "another area where we see the Soviets increasing their emphasis," says Edward O'Malley, in charge of the FBI's intelligence division.

A comprehensive 1982 CIA study on Soviet Active Measures determined that the "primary target" of such Soviet operations is the United States. It said that active measures are "systematically employed to discredit, isolate and weaken the United States," which the KGB manual refers to as the "main enemy."

The Soviets are willing to spend handsomely. Some estimates place the cost as high as \$3 billion a year

for disinformation, propaganda, forgeries, political influence operations and other overt and covert activities.

Once the Politburo decides to promote a certain foreign policy or other issue, active measures campaigns and operations are designed to support these policies. This is the responsibility of the KGB's Service A. It works with close cooperation with the International and International Information Departments (ID and IID) of the Central Committee of the Communist Party.

The ID works with communist and leftist and socialist political parties in other nations to coordinate policy, the CIA report states. It also supports operations of hundreds of international front groups, including the World Peace Council, the World Federation of Trade Unions, the World Federation of Democratic Youth, the International Organization of Journalists, the Women's International Democratic Federation and the Afro-Asian People's Solidarity Organization, among many others.

The KGB's Service A runs more than 1,000 operations a year in Western and Third World media outlets.

The actual implementing of active measures abroad is done by the IID. Some of the means at its disposal include: the Soviet news agencies TASS and Novosti, Radio Moscow and propaganda publications in foreign languages, including New Times.

Former U.S. Attorney General William French Smith said these "active hostile measures" are among the most insidious of the means used to influence public opinion through "disinformation" and "agents of influence."

Stanislav Levchenko, a former high-ranking KGB official in Japan who defected to the United States, says that the KGB uses a number of techniques under the umbrella of "active measures." These include propaganda, organizing demonstrations, controlling international organizations, establishing front organizations and forging documents.

Running through these actions, he

says, is one major objective: "By weakening or destroying the consensus within a free country, active measures do much more harm than classical espionage," he said. "In the West, few people understand this concept."

"All Soviet field agencies and representatives abroad are potentially available to support or participate in Soviet active measures," the CIA report states. These include embassies and KGB residences, Soviet trade missions abroad, Soviet front groups, Aeroflot and other commercial organizations, and visiting delegations.

Examples of some of the more significant cases of active measures are:

- **Disinformation.** The most recent, and prominent, example occurred last year when the Justice Department revealed that a letter allegedly written by the Ku Klux Klan and circulated in Africa and Asia was, in fact, a KGB forgery.

Entitled "The Olympics — For The Whites Only," the letter apparently was meant to suggest that racism and terrorism awaited Third World athletes in the Los Angeles Olympics.

One of the more durable disinfor-

mation projects was the matter of a forged Army field manual, FM 30-31B. It surfaced in more than 20 countries in 1975 and purported to guide American military personnel in how to interfere in the internal affairs of friendly nations. It was cited in Italy in 1978 as evidence of U.S. involvement in the murder of Christian Democrat Aldo Moro.

(The term *dezinformatsia* was formerly used by the KGB to describe most of the activities now called "active measures.")

- **Agents of influence, media manipulation.** French journalist Pierre-Charles Pathe was exposed in 1979 as having been a willing mouthpiece for the KGB for 19 years. His articles and newsletters carried great weight among government leaders and heads of industry.

He was caught in the act of receiving documents to be used as articles under his byline and he made a full confession. Pathe was tried, convicted and sentenced to

five years in prison, but was pardoned in 1981 by Francois Mitterand upon becoming the new Socialist president of France.

Six KGB officers had handled Pathe in more than two decades of operation.

More recently, there is the case of Arne Treholt, former head of the foreign press section of Norway's Foreign Ministry, a position that gave him considerable influence with key government personnel and journalists. He was watched by the FBI while stationed at the U.N. and was arrested last year with classified documents. He faces trial this year.

Valdimir Posner, who appears regularly on ABC's "Nightline" as a Soviet correspondent in Moscow, is said by several authorities to be a member of the KGB.

• **Front Groups.** The Soviet-controlled World Peace Council, acknowledged by the State Department and intelligence experts as a KGB front, engineered widespread demonstrations in Europe against the development of the enhanced radiation warhead (neutron weapon system, which the KGB dubbed "the capitalist bomb").

There was even a demonstration at a Baptist church in Washington during a service attended by President Carter, who eventually shelved development plans for the system. The CIA estimated that it cost the Soviets \$100 million to conduct the neutron bomb propaganda campaign.

The WPC also figured prominently in demonstrations against deployment of Pershing II and cruise missiles in Western Europe. According to several authorities, the KGB sent diplomats and agents to the United States in 1982 to assist with nuclear freeze campaigns.

• **Forgeries.** In 1981, a letter with President Reagan's signature was sent to the King of Spain urging him to join NATO and crack down on leftist groups. It was eventually exposed as a Soviet forgery in the Spanish press.

The Holocaust Papers, which purported to show U.S. military plans to use Western Europe as a nuclear battleground in the event of World War III, surfaced in Norway in 1967 and have appeared on 20 other occasions, as recently as 1982.

There have been several faked telegrams allegedly from the American embassy in Rome meant to claim that Washington contrived the "Bulgarian connection" in the plot to kill Pope John Paul II. The forgeries were cleverly done and resembled genuine State Department cables, but several technical errors helped lead to their exposure.

According to William E. Knepper, deputy assistant secretary of state for the Bureau of Intelligence and Research, the Soviets have experienced their greatest successes in active measures in Third World countries.

"In Africa and South Asia, in particular, they have probably significantly added to the U.S. image problem," Mr. Knepper stated.

The Soviets, he added, "regard active measures like pawns in a chess game, able to damage the opponent at the margin."

— Ted Agres and Doug Lamborne

ARTICLE APPEARED  
ON PAGE 8AWASHINGTON TIMES  
24 May 1985

# Double agents prey upon each other in the spy business



*Agents and double agents in the shadowy spy world — last of a series; and a look at Soviet military intelligence.*

*Last in a five-part series*

By Roger Fontaine  
and Ted Agres  
THE WASHINGTON TIMES

It was a blow to the bureau's morale. One of their own, a 20-year veteran of the force, had been arrested on charges of conspiring to provide national defense information to the Soviet KGB.

For the men and women in the FBI, especially those who concentrate on trapping Soviet spies in this country, the arrest last October of Richard W. Miller, an FBI foreign counterintelligence agent, on espionage charges was shocking.

Mr. Miller, whose trial is now being held in Los Angeles, is accused of passing classified FBI documents to Svetlana Ogorodnikova, 34, a striking blonde identified as a major in the KGB. She and her husband, Nikolai Ogorodnikova, 51, from whom she was reportedly separated, were both arrested. He is identified as being her KGB superior.

As part of his defense, Mr. Miller maintains that he was seeking to recruit Mrs. Ogorodnikova and turn her into a double agent.

The Miller case, though still pending, represents a peek into the shadowy world of espionage where

agents and double agents prey and are preyed upon by numerous intelligence services. The situation is more troublesome because U.S. intelligence officials and agents are severely outnumbered by the other side.

According to FBI sources, Soviet and Eastern bloc representatives in this country have increased in number from 384 in 1956 to 557 in 1961 and 2,000 in 1980. In the past five years, that number has again doubled and is now about 4,000.

About one-third of these are full-time intelligence officers working for the KGB, the GRU and other bloc intelligence services.

U.S. capability at monitoring this growing presence declined in the 1960s and 1970s. In the 1950s, the ratio of Soviet bloc intelligence operatives to bureau shadows was 1-to-1. By 1975, the bureau was outnumbered by 4-to-1. In 1980, the estimate was 10-to-1 in Moscow's favor. FBI officials say in the United States today the ratio is better, but decline to be specific. On the streets of Washington, however, the ratio remains 10-to-1.

Adding to the problem is the proliferation of classified information and development of technology. Recent congressional hearings have revealed that one million people in the United States currently hold security clearances giving them access to classified information. Some 11,000 U.S. companies also deal in classified information. Security background checks have been criticized as being perfunctory.

Targeting this network is a complex business, and many experts believe Soviet intelligence priorities vary over the years. Nevertheless, the overriding goal — that of penetrating the American intelligence community — remains highest on the list.

But some experts and old counterintelligence hands disagree on the KGB's effectiveness. Stories of moles — deeply planted agents in high intelligence positions — have circulated in Washington for years. "That mole must be 85 years old by now," says one retired FBI counter-

## KGB: TARGET AMERICA

A five-part series

**MONDAY:** How the Soviet spy apparatus is stepping up its efforts in North America

**TUESDAY:** Mexico: KGB's "safehouse" against the U.S.

**WEDNESDAY:** How Soviet bloc intelligence operates in Canada

**THURSDAY:** The KGB's "active measures" in the U.S.

**TODAY:** How the KGB goes fishing for recruits

intelligence expert. "They are always talking about the same mole."

But that doesn't mean the fears are groundless. There were some ideologically motivated recruitments during the Vietnam War era, when draft cards and U.S. flags were burned and Ho Chi Minh was glorified.

David H. Barnett, a CIA staff officer in Indonesia, was recruited by the Soviets in 1976. He subsequently revealed the identities of some 30 CIA officers and foreign agents and provided details of U.S. anti-submarine intelligence in exchange for \$92,600. He pleaded guilty in 1981 and was sentenced to 18 years in federal prison.

His primary assignment from the Soviets, however, was to penetrate the CIA, the Defense Intelligence Agency and the U.S. State Department. There is no indication of how successful he might have been had he not been caught.

The KGB and the GRU have emphasized stealing advanced technology — a target that will increase in importance when President Reagan's Strategic Defense Initiative research and development program gets into high gear.

One former CIA counterintelligence expert worries that the Soviet priority given to U.S. SDI research will pose a serious strategic threat on its own. Monitoring our research

CONTINUED



and development efforts, he said, should give the Soviets the opportunity to discover the most promising lines of research.

A former CIA counterintelligence official says that emigres, especially if they appear to be dissidents, generally elicit "sympathy and cache" in industry, which further reduces suspicions and improves access, even if he works in a relatively low staff position.

Soviet intelligence, however, is not reluctant to use more direct methods in stealing advanced technology. In the late 1960s, a Soviet technical delegation was allowed to visit Boeing, Lockheed, and McDonnell-Douglas plants where wide-bodied planes — 747s, L1011s, DC-10s — were being built.

The Soviets were watched carefully. Despite every precaution, however, U.S. intelligence subsequently learned that the Soviets, too, were making wide-bodied airplanes. The visiting delegation was soon suspected of the espionage, but no one could figure out at the time how the Soviets did it.

In 1980, a defector told the FBI that delegation members had special soles on their shoes which picked up bits of scrap metal. The metal was analyzed and the Soviets learned what type of special alloys were necessary.

Sometimes Soviet intelligence is less successful. Five years ago, a Belgian national was recruited to obtain an American firm's computer software technology. He offered \$500,000 dollars for the package — to an undercover FBI agent.

Recruitment, however, is only half the problem. The other half involves placing recruits in good places or at least keeping them where they are already. There are failures. In 1975, the House Subcommittee on International Security was looking for a staff worker. The committee members were particularly impressed with one applicant, James Sattler. But an inquiry with the FBI led to the discovery that Mr. Sattler was a paid and controlled agent of the East German intelligence service.

The East European services also specialize in recruiting and placing members of the emigre communities into sensitive posts and collecting information from them.

"That is a built-in entree that all the satellites can use," says a former FBI official. But when they do, Eastern European intelligence services do not use the soft approach they employ with other Americans.

"They prey upon the emigre community here," says FBI intelligence

chief Edward O'Malley. "They all have relatives in the old country," he adds.

Occasionally, such coercion produces unexpected results — for the Soviet Union. In 1977, the Hungarian intelligence service attempted to recruit a U.S. Army serviceman of Hungarian descent after a visit to Hungary.

A Hungarian agent made vague threats about the man's visit, and the possibility of halting future visits. The agent then requested him to obtain NATO military secrets. The Hungarian-American reported the contact to the FBI and consented to act as a double agent. This later led to the arrest of a Hungarian intelligence officer in the United States, caught in the act of buying classified information.

Sometimes there is a windfall — in tradecraft terms, a "walk-in. This is an espionage volunteer who wants to give, or sell sensitive intelligence information to the Soviets.

One of the most famous and possibly damaging walk-in case involved Christopher Boyce and Daulton Lee, who 10 years ago sold the Soviets information about sophisticated U.S. intelligence satellites.

Other walk-ins have also provided valuable information. One former FBI official admitted, "There are quite a few of them, but it would be a smaller percentage than the ones they recruit."

On other occasions there have been ludicrous failures. In 1976 Edwin Moore, a low-ranking CIA official, placed a plastic-wrapped manila envelope containing classified documents and a request for money on the grounds of a Soviet residential building in Washington.

The Soviet security agent, thinking it was a bomb, notified the Executive Protection Service guard who, in turn, notified the local U.S. Army bomb disposal squad. The train of events eventually led to Moore's arrest — a disgruntled employee with financial problems.

Do U.S. counterintelligence officials turn around Soviet bloc agents? The answer is yes, but it is a subject that officials will not talk about since defectors are often still working at their old jobs.

Is the United States doing better in the counterintelligence war?

Mr. O'Malley, chief of FBI intelligence, clearly thinks so. "We had a very, very good base on which to begin, and in the last four to five years we also had substantially more people, substantially more equipment, we have enhanced our

analytical capability, we've enhanced the training of our people," he says.

"It's the top investigative priority in the FBI today. All the arrests that you've been seeing" are a result of this, he says.

ARTICLE APPEARED  
ON PAGE 1AWASHINGTON TIMES  
24 May 1985

# M.I.C.E. entrap citizens as spies

By Roger Fontaine  
THE WASHINGTON TIMES

There are about 75 Soviet or Soviet bloc recruitment attempts in the Washington area each year, the FBI says. Worldwide, two or three U.S. citizens are approached each day for the same purpose.

And while some 30 "hostile intelligence services" operate in the nation's capital, recruitment efforts seem to follow a definite and recurring pattern.

"There are three definite stages in the recruitment process," says Edward J. O'Malley, the FBI's chief of intelligence.

These stages can take anywhere from several months to several years to complete. But Soviet intelligence, the KGB in particular, is very patient.

Former KGB official Stanislav Levchenko, who worked in the Soviet embassy in Tokyo until defecting to the United States, says that "the KGB selects its targets very carefully, accumulating an incredible amount of information."

When sufficient information is collected and there appears a chance for success, the KGB will act.

The get-acquainted stage is the simplest. The person to be recruited is first encountered under seemingly innocent circumstances by a member of any Soviet bloc service.

Typically, the "chance" contact is at a trade conference or a university lecture. Like countless such meetings, introductions are made and business cards exchanged.

If the individual is deemed worthy of further effort, a follow-up contact carried out by the intelligence officer usually occurs. Typically this takes the form of a lunch or dinner someplace, fairly open, maybe an exchange of trinkets of one kind or another," according to Mr. O'Malley. A bottle of Armenian brandy or vodka also is standard fare.

Next is "a developmental stage where the Soviets have done their assessment in the acquaintanceship

stage and think the person might be useful to recruit," Mr. O'Malley says.

In this stage the Soviet agent will "test the person" to find out what kind of access he has to information and whether he is security conscious or is too reckless to be considered.

"What are his strengths and weaknesses, particularly, does this person have a financial problem? The KGB manual says all Americans can be bought," Mr. O'Malley states.

While he says this is not true, among the reasons why Americans agree to work for the KGB, "the primary motivation is money," he says.

Adds Mr. Levchenko, "You can sum it up with the four initials M.I.C.E. — money, ideology, compromise, ego.

"Human beings are complex and each person has to be recruited differently," he says. "You frequently have to use more than one lever. The difficulty resides in approaching and engaging the person and zeroing in on his weak points and exploit his ambitions. Some of them are especially motivated by money and get paid up to \$2,000 a month."

In addition to the financial enticement, the KGB also assesses a potential recruit's attitude towards his employer and probes for other possible weaknesses.

In Cuba, for instance, the DGI, which functions as the Spanish language branch of the KGB, maintains computerized files on all prominent U.S. and European media people.

What these journalists and editors report is updated every six months and analyzed for bias, nuances and shifts in viewpoints. Information on financial vulnerabilities and sexual proclivities also is collected. When media stars visit Cuba, the DGI thus knows what "emotional buttons" to push.

At an advanced stage in the KGB recruitment process, according to Mr. O'Malley, the Soviet will ask the American for some information from his company. The Soviet might explain he is doing a paper and the information would be helpful, emphasizing that he is seeking nothing classified

"The idea is to get the American in the habit of exchanging information," Mr. O'Malley says. After the American provides the public information, the Soviet will thank him abundantly, saying "time is money, I really appreciate this . . . so let me give you something for your time. The American takes it." Mr. O'Malley says.

But then comes the catch.

The Soviet will ask the American to sign a receipt for the money — innocent in itself. But in Mr. O'Malley's words, "They go on and on and suddenly it dawns on the American that he's getting in pretty deep water with this hostile intelligence" service.

If they are successful, the KGB recruitment pattern reaches the final stage.

"The target will receive training in intelligence trade craft, will be given some equipment, be trained in the use of what we call dead drop, where they will secrete information which will be later picked up by the intelligence officer and will pick up his payment from a second dead drop," Mr. O'Malley says.

The recruit also will "be given signaling devices to signal the intelligence officer that there is something in the dead drop. The idea being that they are never together in the same place, particularly in a clandestine operation which compounds the problem from a counter-intelligence standpoint."

One real life example of Soviet recruitment follows the pattern closely.

William Holden Bell, a former project manager for the Hughes Aircraft Co., was found guilty and sentenced to eight years in a federal prison for giving sensitive technology to a Polish agent in 1981.

Four years earlier, Bell and his wife met "by accident" the Polish gentleman and his wife and learned they were neighbors in the same apartment complex.

They soon became good friends in the classic pattern, often playing tennis and meeting on various social occasions. The Polish agent, Marian Zacharski, knew Bell was the

CONTINUE

project manager of an advanced dual weapons system. He asked him for copies of the Hughes company newsletter and another publication — both innocent public documents. Bell agreed.

A short time later, the apartment building in which they were living was converted to condominiums and Bell expressed financial difficulties over purchasing his apartment. Zacharski made an offer of a loan, which Bell accepted.

Soon the Hughes employee was being pressured into giving his "friend" classified information. He gave in to that pressure and was supplied with paraphernalia for espionage.

Meetings were arranged with Polish intelligence officers in a number of European cities. Code names were adopted and payment took the form of gold coins. Bell received a total of \$170,000 for his efforts.

His contacts continued until the FBI arrested him in June 1981 along with his Polish accomplice. Both were convicted and sentenced.