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6 April 1987**'A Breakdown of Management'****U.S. Complacency
Seen in Spy Cases**By MICHAEL WINES and RONALD J. OSTROW, *Times Staff Writers*

WASHINGTON—The scene reeked of an espionage scandal: a young Marine guard at the U.S. Embassy in Moscow and his lover, Galia, a buzom Soviet employee at the embassy, caught in the most compromising of situations in an American diplomat's private apartment.

When it happened late last summer, U.S. punishment was swift. Sgt. Arnold Bracy, who seven months later would be arrested in a KGB sex-for-secrets operation that has devastated American interests in Moscow, was busted last Aug. 21 to the rank of corporal.

Then he was put back on duty, guarding the most sensitive diplomatic outpost in the world.

By ignoring the security risk in the Bracy case, officials at the embassy and in Washington probably gave the KGB seven extra months of unmolested spying on the embassy, American intelligence experts said last week.

Several said the Marine spy case underscores a basic and unremedied defect in American counterintelligence and security policies—a complacent attitude toward espionage that has led to fatal lapses in a long string of U.S. spying disasters.

'Management Breakdown'

"What it points to is much broader—a fundamental management breakdown in handling security across the board," said a federal law enforcement source heavily involved in security matters.

"Don't mistake this. It's not a failure of technical systems. It's a breakdown of people and management."

"The biggest mistake we'll make—and we're going to make it—is to come down on the Marines and stop there," a veteran congressional intelligence expert said. "What we really need to do is to change something that's virtually impossible to change: a mind-set."

In interviews last week, those and other intelligence officials bitterly criticized the State Department and the former U.S. ambassador to the Soviet Union, Arthur A. Hartman, for what they called unforgivable blunders in securing the Moscow embassy against the KGB.

Diplomats Blamed

More than the Marines, they argued, the American diplomatic Establishment is to blame for overlooking a spy ring that apparently wiped out U.S. intelligence operations in the Soviet Union and gave the Kremlin months of top-secret cables between the embassy and Washington.

One expert disagreed. Former CIA Director William E. Colby said the department "has taken its security responsibilities seriously," and suggested that better overall supervision of the Marine guards might have prevented espionage losses.

All granted, however, that the State Department is far from alone in failing to address the espionage threat effectively. American complacency has been central to every recent U.S. spying loss, from the John A. Walker Jr. Navy spy ring, which lasted 17 years, to the Jonathan Jay Pollard, Larry Wu-tai Chin, Ronald W. Pelton and Edward Lee Howard cases of 1985 and 1986.

—Walker and three helpers fed the Soviets data on ship and submarine movements, stolen easily from the Navy. They were tripped up not by U.S. agents, but by Walker's unhappy ex-wife, who tipped the FBI.

—Pollard, a low-level Navy terrorism analyst, used a limited security clearance to rummage through Pentagon satellite photos, intelligence reports and other top-secret data for Israel.

—Chin, a similarly low-level CIA translator, gave Beijing two decades of top U.S. secrets on Far East policies and military operations. His gambling junkets and Hong Kong trips went unnoticed. The CIA gave him a distinguished service medal on his retirement, and his spying was not discovered until he was implicated by a Chinese defector.

A Bankrupt Drug User

—Pelton quit the super-secret National Security Agency a bankrupt drug user, then sold the Soviets crucial data on U.S. codes and electronic eavesdropping. Soviet defector Vitaly Yurchenko tipped the United States to Pelton in 1985.

—Howard, fired by the CIA for instability and drug use, vanished until Yurchenko disclosed that he had given the Soviets details of U.S. espionage in Moscow. Howard used his CIA training to shake FBI agents trailing him and defected to Moscow in 1986.

U.S. intelligence experts now poring over the cases of Bracy and Marine Sgt. Clayton Lonetree, the other guard accused in the spying operation, say that U.S. officials were as blind to danger signals in those cases as in the past.

According to former diplomats at the Moscow embassy, for example, it was well known that Violetta Seina, a Soviet national who worked there as a translator, had won Lonetree's affections within a few days of her 1984 arrival at the U.S. mission. Lonetree's defense lawyers contend that it was common to allow guards to mingle with Soviet women, despite official policy frowning on such close contact.

Embassy officials are now said to have ignored other warning signs in the spy case, including disregarding alarms that Soviet KGB agents tripped as they wandered through the embassy at night in 1986, planting listening devices and photographing documents.

Embassy officials "had him by the neck," one bitter intelligence official said, "and they never pursued it. It's absolutely criminal."

One theory embraced by some investigators holds that except for serendipity, U.S. officials might still be unaware that the Soviets had penetrated the most secret recesses of the United States' Moscow outpost.

Those investigators believe that Lonetree was moved by mistake to confess his complicity in spying to amazed U.S. officials last winter. The young guard, transferred from Moscow to Vienna in 1986, is believed to have continued meeting with his Soviet "handlers" in Austria and to have discovered that one of those sessions was being monitored by outsiders.

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Convinced that the United States had found him out, the investigators now suspect, Lonetree turned himself in, hoping for mercy. But in fact, U.S. officials knew nothing of his alleged espionage: what Lonetree had picked up was the KGB, "countersurveillance" its own meeting with the Marine to ensure that no U.S. agents were on their trail.

The embassy spy case is especially galling to intelligence experts because warnings about diplomatic security have been sounded time after time in recent years with little apparent result.

Two 1985 reports by the President's Foreign Intelligence Advisory Board and a panel chaired by past CIA Deputy Director Bobby R. Inman blasted counterespionage measures at American embassies and urged a long list of improvements. The Inman report recommended \$5 billion in new construction and other measures to improve security, a figure rejected by the last Congress as beyond the State Department's ability to spend properly.

'Deficiencies in Security'

Last October, the Senate Intelligence Committee warned in a declassified report that it is "very concerned over serious deficiencies in the security of U.S. facilities overseas, primarily those managed by the Department of State." The report noted that the Moscow outpost had been bugged by the Soviets at least once in recent years with highly sophisticated miniature transmitters that were hidden in some embassy typewriters.

The bugs apparently transmitted the texts of typed embassy messages to the KGB via an antenna hidden in the embassy chimney.

After the antenna was found in 1978, the United States sent its best security experts to Moscow and searched the U.S. mission "high and low" but turned up nothing, one official said. The typewriter devices were not discovered until 1984.

Yet it is human failure, not electronic snooping, that most experts say is at fault in any American breakdown in counterintelligence and security. The typewriter bugs, for example, likely were implanted while the machines were en route to Moscow via the State Department courier service—a service notorious among intelligence officials for poor security.

Moscow, and tell you they send 'em by train and truck and that they're secure the whole way. It's bull," one official said. "For any intelligence service that's good at what it does—and the KGB is good—it's not all that hard to get into them."

That official and others complain vigorously about the State Department's security "mind-set," saying that diplomats so intent on smooth relations with the Soviets are reluctant to take any measures that Moscow could view as unfriendly or even mistrustful.

Others say the Ivy League-educated diplomats, by and large, are disdainful of the sort of disciplined, military-style security essential to thwart foreign efforts to penetrate an embassy. The Marines, in particular, were ostracized in Moscow, a blue-collar police force amid an American elite of better-educated and wealthier diplomats.

A law enforcement official who has worked closely with the State Department on some assignments expressed scant sympathy for guards enmeshed in the spy scandal. "Obviously the Marines you had here didn't have pride in their outfit or their country. They were ready to toss it all for a pitch in the hay," he said.

'Third-Class Citizens'

But he also berated their diplomatic supervisors for making the guards' jobs more difficult than they should be. "The State Department has treated its security as third-class citizens," he said. "They treat their people as if they're a bunch of knuckle-dragging hammerheads."

The Marine scandal has prompted a sudden barrage of suggestions for improving embassy security, most of them dealing with the problem of placing young men in hostile nations for long stretches without trustworthy female companionship.

Most experts say that is a problem, but not *the* problem.

The sorts of attitude problems said by many to be endemic at the State Department persist throughout the vast national security bureaucracy, they say. Diplomats who do not want to be bothered with routine tasks bristle at recommendations to reduce the low-cost use of foreign citizens as embassy workers, and defense contractors balk at costly industrial security measures. Government reports have urged an overhaul of the secret-classification system, either to limit access to the material or to limit the types of material classified, to little avail.

Some experts had believed that the so-called "year of the spy," with the Soviet, Chinese and Israeli espionage scandals, awoke the defense and diplomatic establish-

ment.

The Moscow debacle, they say, has proven that that was not the case. Some now doubt that anything will do the trick.

Colby and George Carver, a former senior official of the CIA now affiliated with the Georgetown Center for Strategic International Studies, blame a "post-Watergate" attitude that frowns on restrictions that affect civil liberties, such as limiting access to sensitive documents or rejecting job applicants who appear to be security risks. Officials are fearful of complaints or lawsuits by disgruntled workers or candidates.

"If you've got a guy who is known to be an ardent Zionist, do you put him in a position with access to very sensitive documents?" Carver asked. "Well, that's a touchy question, but it's the kind of question a good counterintelligence officer needs to ask. These days they're reluctant to ask it."

More Intense Screening

Among other measures, the critics are calling for more intense screening of personnel for sensitive positions, more extensive backup security measures to catch employees who go astray and heightened attention to the warning signs of potential espionage.

In the Moscow case, specifically, intelligence officials say that a clean sweep is needed of security experts who allowed the embassy breach to occur. That would include high officials at the State Department and the Marine Corps, if necessary.

Many also call for an even tougher attitude toward the Soviet Union, saying that simple complaints about KGB activities will not deter Moscow from what has long been a high-pressure effort to penetrate diplomatic buildings throughout the East Bloc.

That, too, is unlikely to come about, they say. Says one disdainful expert: "They'll probably stick a letter of reprimand in somebody's pocket down in Foggy Bottom and that'll be it."

"State is especially egregious," that official said, "but Congress has never held anybody's feet to the fire when other things like this happened. Until we get really serious about it—really serious—nothing's going to happen at all."