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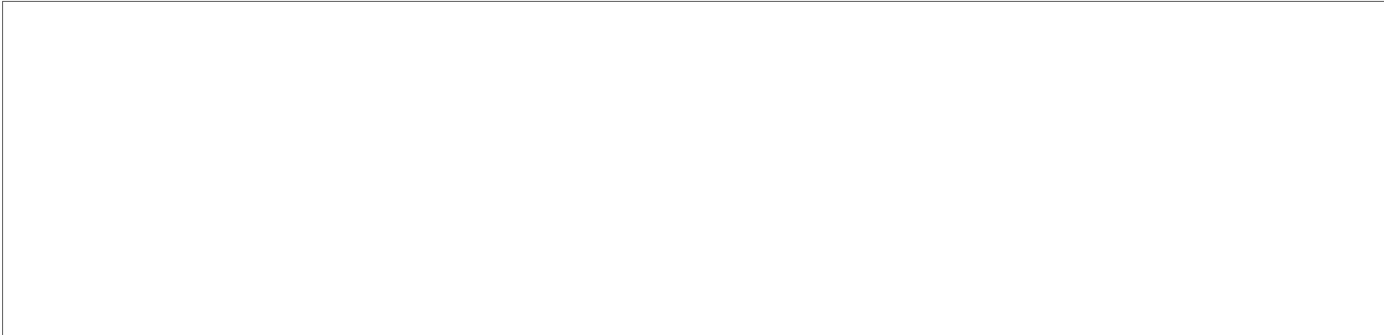
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26 September 1988

Weekly Report Highlights

Congress

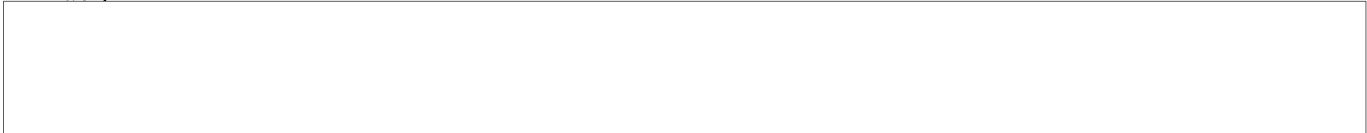
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-- ~~The "Anti-Stonewalling Act" passed the House with a barely acceptable amendment (substituted at the last minute for the more objectionable Alexander amendment) that eliminates any new Congressional or General Accounting Office involvement in the area, but retains the statutory obligation for individual federal employees to report information concerning "illegal foreign drug activities."~~ OCA's concerns about the vague nature of this term are met by a provision which defines it to mean information concerning overseas violations of federal drug laws. Our concerns with how the obligation would actually be implemented within the Executive Branch are addressed by the wide latitude which the substitute amendment gives the President in shaping the bounds of the obligation. The provision is open to further dilution or deletion in the Senate or in conference.

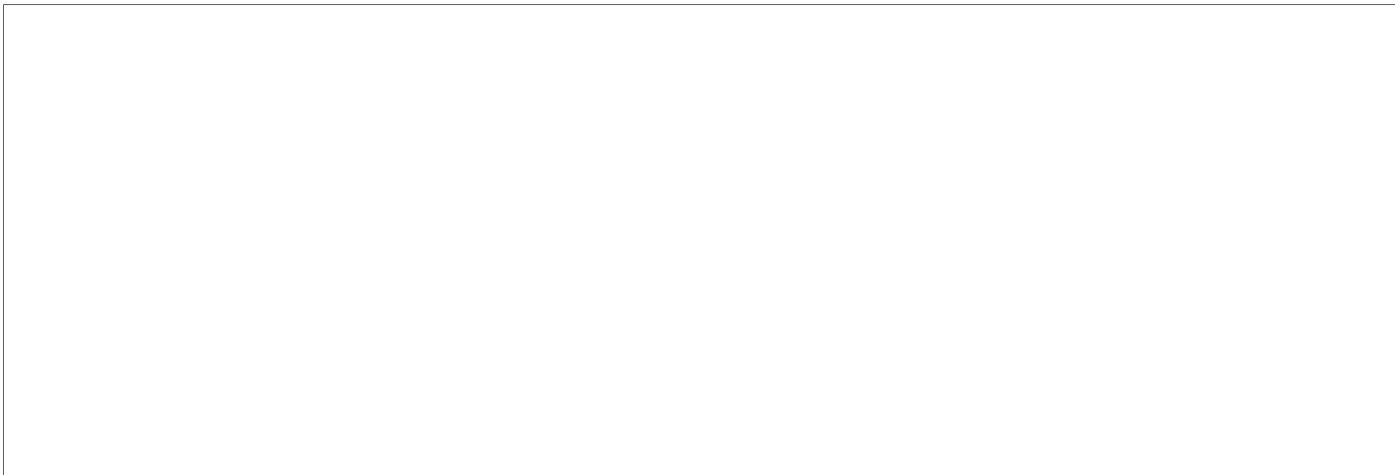
Budget

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-- ~~Hearings for the Office of Management and Budget (OMB) and the IC Staff, on the 1990-91 program will begin Wednesday and continue over the next two weeks.~~

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OCA 88-3091
23 September 1988

MEMORANDUM FOR: The Director
The Deputy Director

FROM: John L. Helgerson
Director of Congressional Affairs

SUBJECT: Weekly Report

STAT

Alexander "Anti-Stonewalling Act" Amendment - Substitute Adopted. At the last minute, a compromise was proposed on the Alexander "Anti-Stonewalling Act" amendment: Representative Alexander would withdraw the original amendment and a substitute, acceptable to both him and the Administration, would be included in the "leadership amendment" to be offered prior to final adoption of the bill.

We reviewed the substitute and advised the White House that, although we preferred no legislation on the subject, we could live with the substitute. The bill subsequently passed with the substitute amendment being adopted.

The substitute eliminates any new Congressional or General Accounting Office involvement in the area, perhaps our greatest objection to the original Alexander approach. It retains the statutory obligation on individual federal employees to report information concerning "illegal foreign drug activities." Our concern about the vague nature of this term, however, is met by a provision which defines it to mean essentially information concerning overseas violations of federal drug laws.

Our concerns with how the obligation would actually be implemented within the Agency and the Executive Branch are addressed by the wide latitude which the substitute gives the President in shaping the bounds of the obligation.

The substitute provides that the obligation is to be satisfied according to Presidentially-established procedures. These presumably would be drafted by the National Security Council. Under the substitute's language, they could be drafted to allow the employee to meet his obligation by reporting exclusively within his agency's "chain-of-command" structure.

Moreover, the implementing language can be read as not mandating the reports to be made to the agency head but rather to his designee or through some other, less burdensome mechanism. The substitute would also allow the procedures to provide for controlling the manner in which such information would otherwise be reported inside and outside an agency.

The provision is open to further dilution and or deletion in Senate or in conference.

STAT

[Redacted]

John L. Helgeson

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D/OCA/JLH:wcsr/[Redacted] (23 Sep 88 [Redacted])

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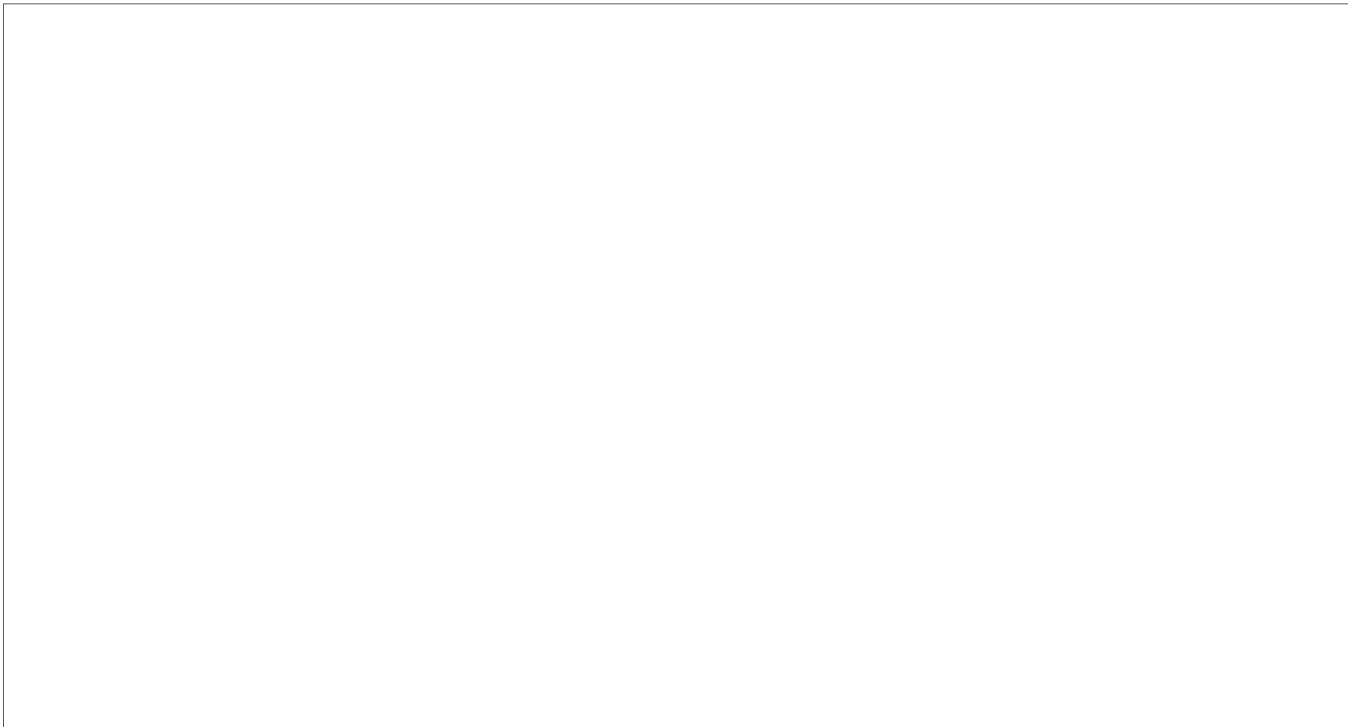
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- 1 - Deputy General Counsel
- 1 - Comptroller
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WEEKLY REPORT FOR THE DCI
OFFICE OF THE COMPTROLLER
WEEK ENDING 23 SEPTEMBER 1988

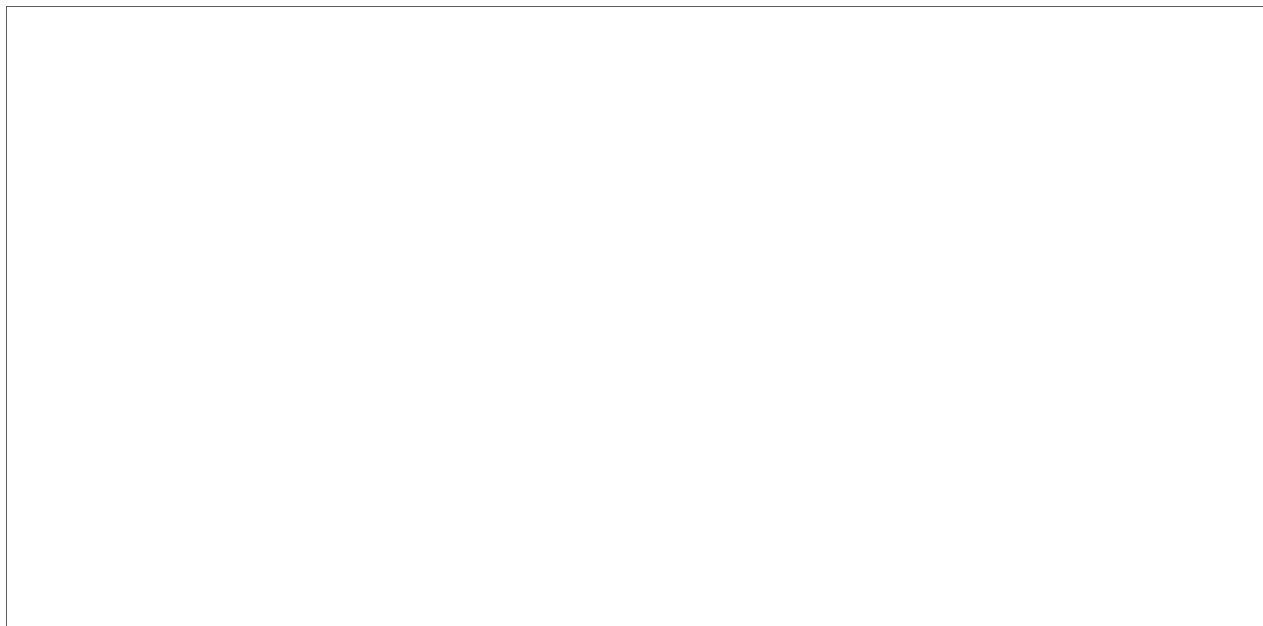
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1990-91

- Hearings for the Office of Management and Budget (OMB) and the IC Staff will begin next Wednesday with an overview of the Agency program. Hearings on the directorate programs and on selected cross-directorate issues will follow over the next two weeks.

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DCI

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General Counsel
88-03840

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

UNITED STATES OF AMERICA	:)	
)	
v.)	CRIMINAL NO. 88-168-A
)	
MOUSA HAWAMDA, et al.,)	
)	
Defendants.)	

MEMORANDUM OPINION

The defendants in this case were indicted on July 28, 1988 for violations of regulations ^{1/} issued by the United States Department of Treasury which implemented Executive Orders of the President ^{2/} which were based on the International Emergency Economic Powers Act (IEEPA). ^{3/} The regulations and executive orders grew out of a declared "national emergency" existing because of the Libyan Government's assistance to terrorists. The violation of the regulations are contained in Counts 2-28 of the indictment. Counts 29-40 charge the transferring of funds (money laundering) to promote the unlawful activity referred to in Counts 2-28, in violation of 18 U.S.C. § 1956(a)(2)(A).

-
1. 31 C.F.R. §§ 550.207-109.
 2. Exec. Order No. 12,543, 51 Fed. Reg. 875 (1986) (prohibiting trade and certain transactions involving Libya); Exec. Order No. 12,544, 51 Fed. Reg. 1,235 (1986) (blocking Libyan Government assets in the United States or held by United States persons).
 3. 50 U.S.C. §§ 1701-1706 (1982).

Count 1 charges a conspiracy to commit the substantive charges contained in Counts 2-40. Trial is set for October 17, 1988.

In response to a Fed. R. Crim. P. 16 request of the defendants requesting the disclosure of electronic surveillance, the government invoked the Classified Information Procedures Act (CIPA), 18 U.S.C. App. §§ 1-16, particularly §§ 3 and 4 of that Act. The case is thus procedurally in the same posture as United States v. Pringle, 751 F.2d 419 (1st Cir. 1984).

A pretrial conference under § 2 of CIPA was held on August 31, 1988. At that conference the defendants advised the court that they were not in a position to give the notice contemplated by § 6(a) of CIPA until they had received a response to their Rule 16 request. The government was directed to submit to the court by September 12, 1988 for in camera review, under § 4 of CIPA and Rule 16(d)(1), any classified information relating to surveillance of the defendants. The court was notified that such material was available to the court on September 12, 1988, and it was delivered to the court on the morning of September 13, 1988.

The court has now examined the material, which consisted of:

1. The Federal Bureau of Investigation (FBI) and four National Security Agency (NSA) original applications for surveillance under the Foreign Intelligence Surveillance Act

(FISA), together with the affidavits in support of the original applications, the orders resulting therefrom, and similar material for the renewals of the applications. 4/ Also examined were two sets of documents, Exs. G & H, from the FBI intercepts.

2. Four volumes of NSA intercepts and summaries and translations thereof (A-D) made pursuant to the FISA orders and two volumes (E & F) of extracts from A-D.

3. Intercepts by the Central Intelligence Agency (CIA) other than FISA intercepts.

As to the FISA documents there has been filed, pursuant to § 106(f) of FISA, 50 U.S.C. § 1806(f), the affidavit of the Attorney General that disclosure of or an adversary hearing revealing these documents would harm the national security of the United States.

As to the non-FISA CIA intercepts, the Director of the CIA, William Webster, has filed a statement under penalty of perjury that disclosure of these intercepts, and indeed the disclosure of the fact of such intercepts, would cause serious damage to national security.

After the above examination, the court makes the following findings:

4. Five of the FBI intercepts resulted in the indictment in this matter. All of the transcripts of those intercepts that the government intends to use in its case in chief were made available to the defendants on September 12, 1988. The logs of the intercepts will be made available on September 19, 1988.

1. That as to each of the 14 applications and 20 renewal applications under FISA:

(a) The applications and applications for renewal clearly establish probable cause that the organizations who are targets of the proposed surveillance are foreign powers or agents of foreign powers and that the facilities or places at which the proposed surveillance is directed was being used, or about to be used, by a foreign power or an agent of a foreign power.

(b) The persons against whom the surveillance is directed is engaged in activities in preparation for conduct described in § 101(e) of FISA.

(c) The applications were made by a federal officer and approved by the Attorney General as authorized by the President.

(d) The minimization procedures in each case met the requirements of § 101(h) of FISA.

(e) The certifications of the Director of the FBI, the Director of the CIA, and the Secretary of Defense contained all the statements required by § 104 of FISA.

(f) The surveillance was for the purpose of obtaining foreign intelligence information or countering foreign intelligence.

2. That none of the information contained in any of the foregoing FISA intercepts contains substantively exculpatory information. However, as to two possible government witnesses,

there exists evidence (Ex. F) which might provide the basis for impeachment. The government represents that it has not decided whether to call the witnesses. It will make this decision and notify the court prior to the September 23, 1988 CIPA hearing. None of the material examined that has not been already disclosed to the defendants would be helpful to the defense, determinative of the guilt or innocence of the defendants, or essential to a fair determination in the case. Indeed only the most minimal amount of the information on those intercepts is even arguably related to the charges in the indictment.

3. Disclosure of the contents of the FISA material would harm the national security because it would reveal the capabilities and techniques of surveillance, the sources and methods used to counter international terrorism, highly sensitive foreign intelligence information that has been gained and sought to be gained, what avenues of intelligence gathering are being pursued, and who are and where are the targets of surveillance as well as others who are possibly implicated in wrongdoing and continuing criminal activity. So much of the material fits one or more of these categories that redaction would leave nothing but meaningless unconnected words.

4. As to the non-FISA surveillance by the CIA:

(a) The surveillance was primarily for the gathering of foreign intelligence information. Therefore, although no warrant was obtained, none was necessary so long as

the surveillance was reasonable. United States v. Truong, 629 F.2d 908, 916 (4th Cir. 1980). This surveillance was not directed at a defendant, but a third party; only three conversations were recorded; and the defendant's conversations were overheard unexpectedly. The court finds that the surveillance was reasonable.

(b) There is absolutely no substantive exculpatory evidence revealed by the transcript of the intercept; however, there is an indication that a witness, who may be called by the government, may have a relationship with the government which could form the basis of impeachment for bias. The government represents that it has not decided whether to call the witness. It will make this decision and notify the court prior to the September 23, 1988 CIPA hearing.

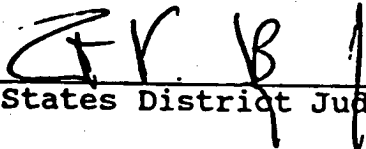
(c) Disclosure of the CIA intercepts would cause damage to the national security because it would reveal the sources and methods through and by which the government acquires certain information, as well as the fact and location of the surveillance. Nor can the transcripts be redacted in a way which would leave anything other than a meaningless unconnected set of words.

* * *

Accordingly the government will not be required to disclose any of the material submitted in camera. The court will consider the possible impeaching evidence concerning the

witnesses referred to if the government determines to use those witnesses.

The defendant Manhal Ben Mohamed, as part of his motion for discovery of surveillance, has asked for production of any authorizations given by the Attorney General to use FISA information. The government has submitted the authorizations executed by the Attorney General under § 106(b) of FISA. They are regular in form, but classified. While it is doubtful that they contain any information that could not, without harm, be revealed, they are not exculpatory in nature nor are they helpful to the defense. Their disclosure will not be ordered.


United States District Judge

Alexandria, Virginia
September 15th, 1988

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

UNITED STATES OF AMERICA)

v.)

MOUSA HAWAMDA, et al.,)

Defendants.)

CRIMINAL NO. 88-168-A

ORDER

For the reasons and subject to the conditions set forth in the Memorandum Opinion this day filed, it is

ORDERED, pursuant to Fed. R. Crim. P. 16 and §§ 3 and 4 of the Classified Information Procedures Act, U.S.C. App. §§ 103, 104, that the United States not disclose to the defendants the materials relating to the electronic surveillance conducted pursuant to 50 U.S.C. § 1801, et seq., and by the Central Intelligence Agency, which have been examined by the court in camera.

The United States shall maintain control over the material submitted in camera so as to make it available to any reviewing court.



United States District Judge

Alexandria, Virginia

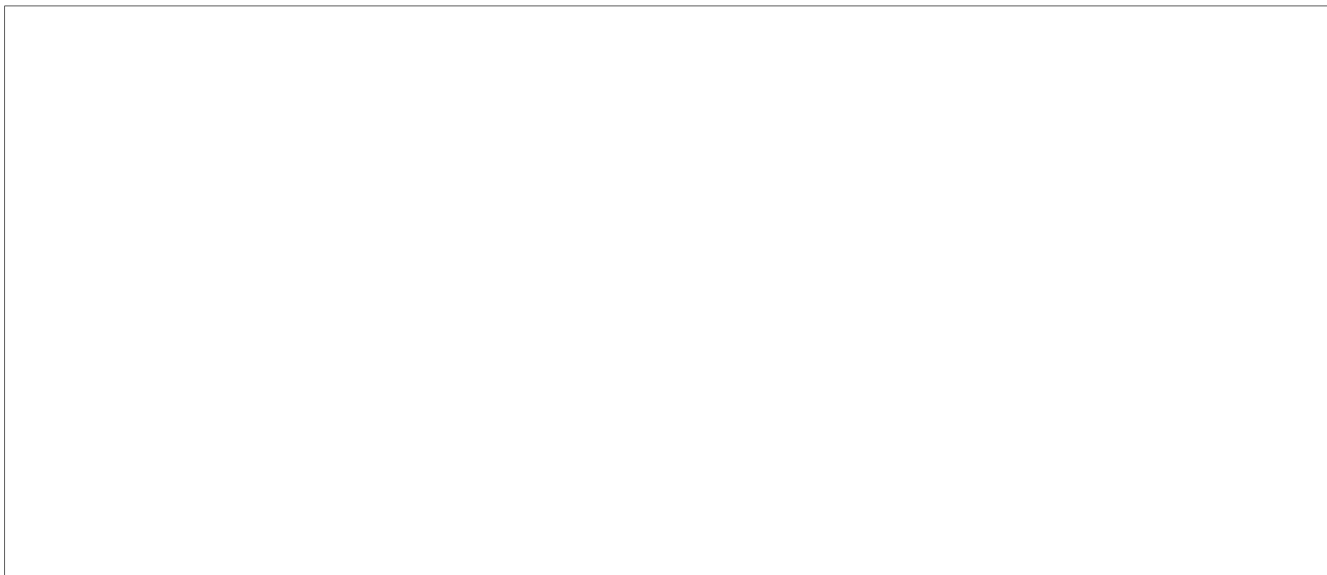
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23 September 1988

DCI WEEKLY REPORT
PUBLIC AFFAIRS OFFICE

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Executive Appearances and Invitations

The DCI appeared at a press conference and addressed World Affairs Council of Northern California members at a public meeting and CEO dinner in San Francisco on Monday, 19 September. According to the Council, the public meeting of 600 members with standing-room-only was a "great success." The Director's speech on Intelligence in the 1990's" was well received and the attendees thought that his remarks were candid and addressed the issues that would be important in the next decade. The Council reported that the Director handled the "in-depth Q & A part of the program very well." According to the Council, the San Francisco press was very complimentary about the Director's press conference. The media said they "received good answers" from the DCI.

At the private CEO dinner sponsored by the Council's Bay Area International Forum the program director, Joe Fera, reported that the corporate heads believed the DCI to be a forthright speaker answering questions when he could and declining when he could not. Approximately 30 CEO's including spouses and guests attended.

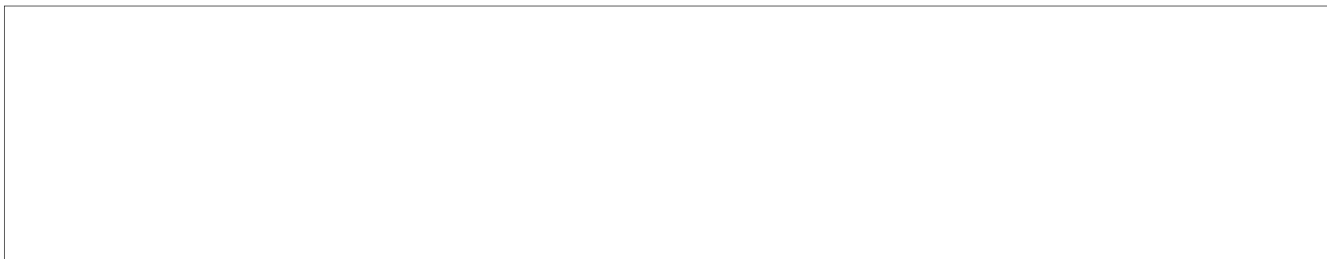
Public Relations Unit

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[redacted] briefed Dwight Howes, Senator Cohen's staffer on the SSCI, new employees at the Navy Operational Intelligence Center in Suitland, MD and the commanding General and his staff at the U.S. Army Reserve Center in St. Louis. [redacted] briefed at the U.S. Naval Academy.

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DDI 03150-88
23 September 1988

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Richard J. Kerr
Deputy Director for Intelligence

SUBJECT: DDI Activity Report 19 - 23 September 1988

Policy Support

The Office of African and Latin American Analysis (ALA) briefed Assistant Secretary of State Abrams on developments in Haiti following the Avril coup and hosted a conference on Brazil. [redacted]

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The Office of Soviet Analysis (SOVA) briefed Assistant Secretary of Commerce Louis Laun on Soviet foreign trade policy and domestic economic developments; and briefed Rear Admiral Campbell, Commander of Submarine Group 5, Charleston Naval Base, on its recent publication entitled "The Soviets' Expectations for the Survival of their SSBNs in Conventional War." [redacted]

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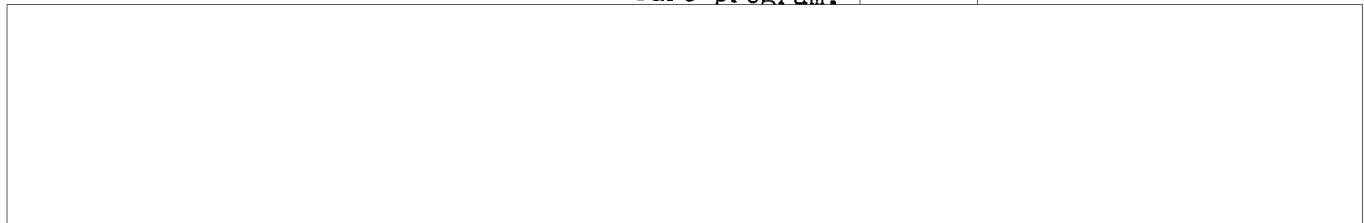


The Office of Global Issues (OGI) briefed Ann Wrobleski, Assistant Secretary of State for International Narcotics Matters, on narcotics crop estimates for Colombia, Jamaica, Mexico, and Burma. [redacted]

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OGI and OSWR briefed Donald Gregg, National Security Advisor to the Vice President, on the Libyan chemical warfare program. [redacted]

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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC #03079-88
23 September 1988

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: David D. Gries
Acting Chairman

SUBJECT: NIC Activity Report, 16 - 22 September 1988

DCI and DDCI Support

A representative group of NIOs, together with Fritz Ermarth and Dave Gries, held a roundtable discussion on "opportunity analysis" with Roy Godson, Ken deGraffenreid and Abe Shulsky of the National Strategy Information Center. Godson believes estimates should include a section on opportunities to advance US interests. If no such opportunities exist or US interests and policy are unclear, he questions whether an estimate is needed. Another round of discussions is planned.

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[redacted] attended the Interdepartmental Group, Chemical and Biological Warfare (CBW), to discuss and review the working draft of US-USSR ministerial talking points on chemical warfare issues and the initiative to strengthen the Geneva Protocol. The President plans to call for a conference on the protocol in a speech at the UN General Assembly. (A/NIO for Chemical and Biological Warfare)

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[redacted] represented the DCI at an interagency meeting chaired by the National Security Council staff to discuss a draft National Security Decision Directive on missile proliferation. (A/NIO for Strategic Programs)

Estimates and Intelligence Memoranda

Terms of Reference were coordinated for Angola: Near-Term Implications of Negotiations. A coordination meeting is scheduled for Soviet Capabilities in Non-Aerodynamic Low Observable Systems. Nth Country Ballistic Missile Development Programs was distributed to NFIB principals for presentation to the Board on 29 September.

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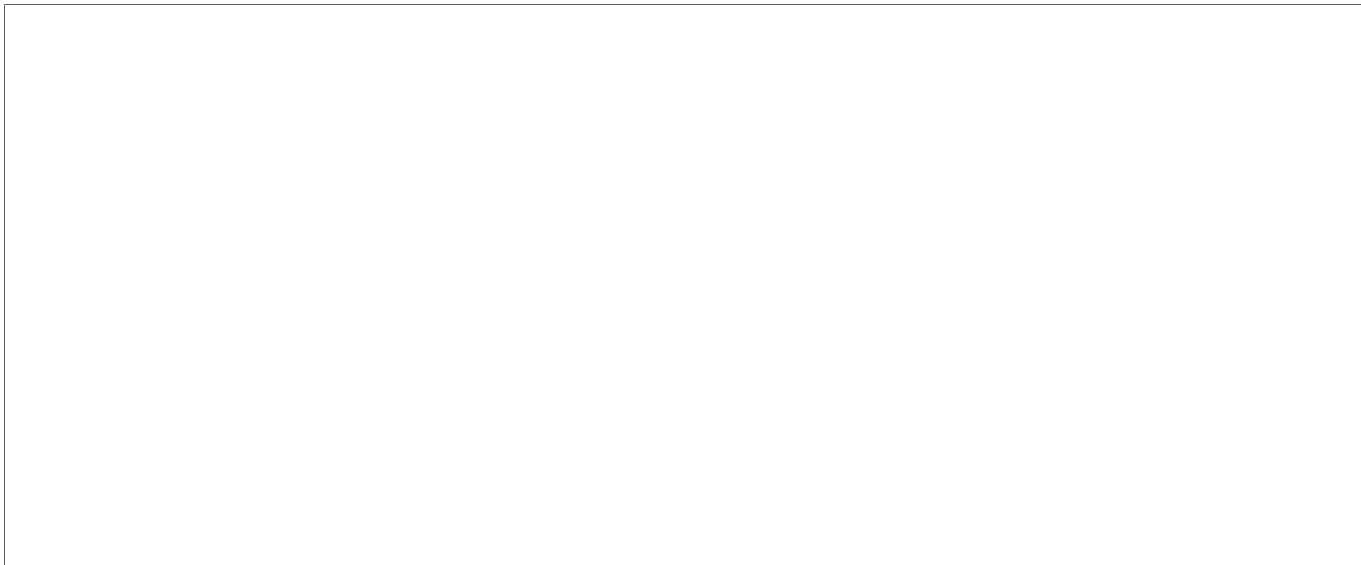
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Intelligence Community


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Outside Sampling

Larry Gershwin will attend a meeting of the Defense Science Board Task Force on US strategic force modernization and will brief on Soviet force developments under a START agreement. (NIO for Strategic Programs)

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 was a panelist at a USIA Radio Marti academic conference on Cuba and made brief remarks on Castro's current leadership style. (Director/Analytical Group)

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David D. Gries

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SUBJECT: NIC Activity Report, 16 - 22 September 1988

C/NIC:DDG:jlm (23 Sep 88)

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- 1 - D/ICS
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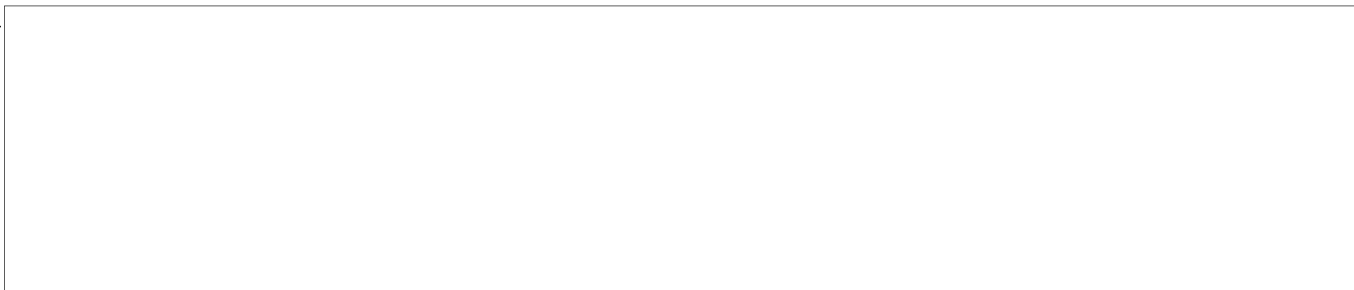
DA 88-2043
23 September 1988

MEMORANDUM FOR: Director of Central Intelligence

FROM: R. M. Huffstutler
Deputy Director for Administration

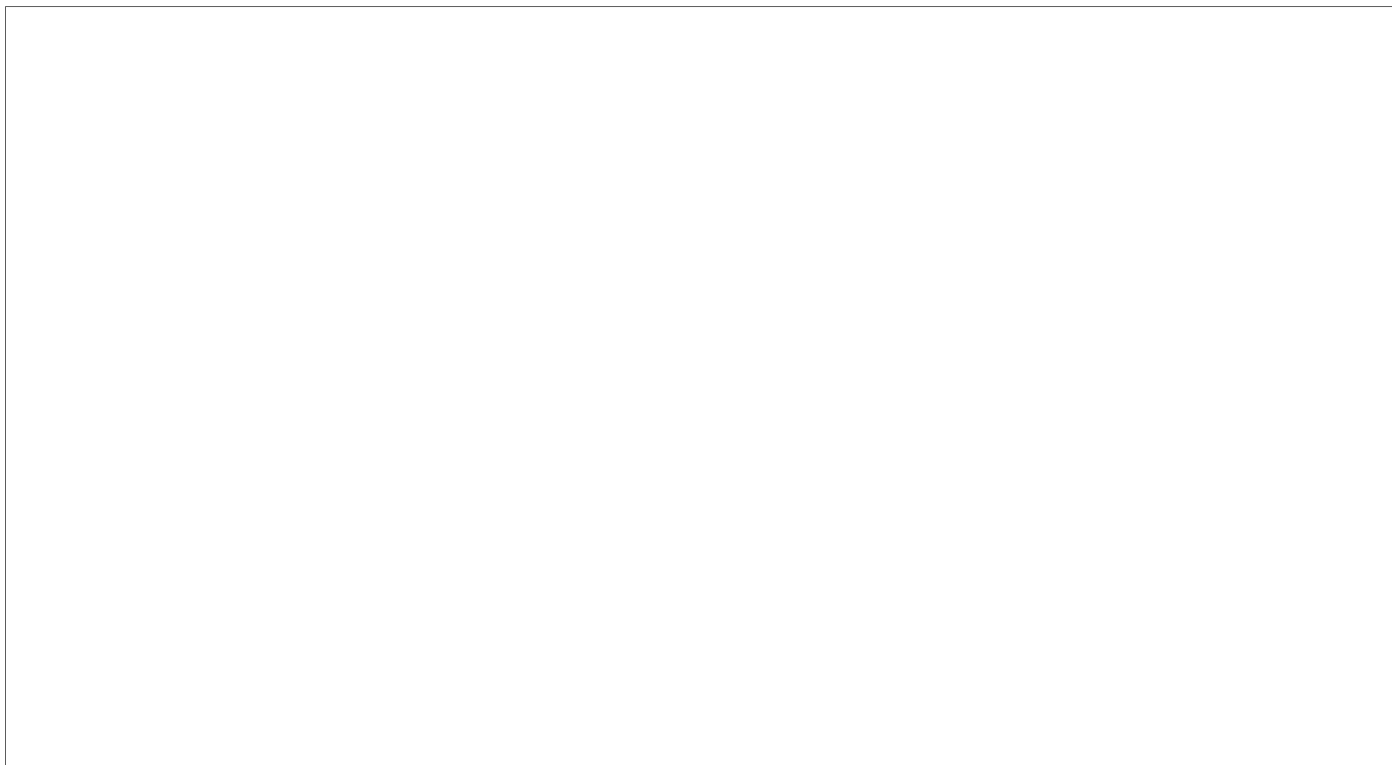
SUBJECT: Weekly Report for Period Ending 23 September 1988

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3. The Office of Security (OS) sponsored its second computer virus roundtable, which was attended by representatives from all four Agency directorates.

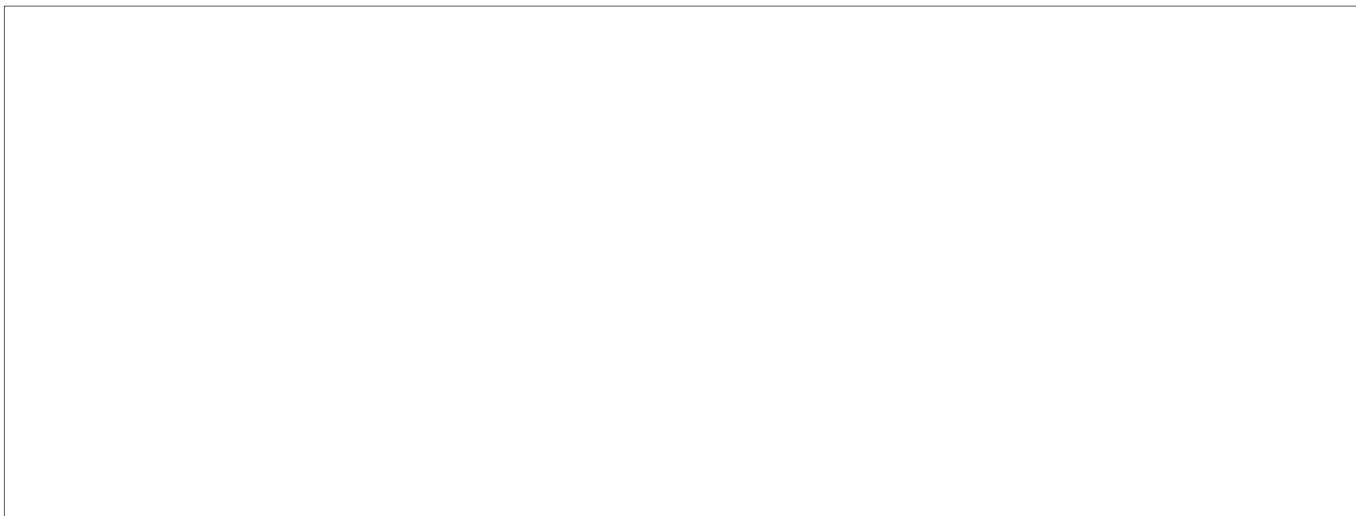
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25X1 6. The Office of Training and Education (OTE) completed the last of 10 runnings of the Traveler's Awareness Program; [] employees attended over the year.

25X1 7. As part of OTE's continuing effort to provide alternate means of delivering training, the Operational Records I course has been converted to a computer based training program.



11. The Office of Medical Service's (OMS) automated scheduling system achieved initial operating capability on 19 September. Implementation will result in expeditious handling of time-critical cases, more efficient use of contract doctors' time, and relief for the overburdened OMS processors.

12. As part of Hispanic Heritage Week, the Office of Equal Employment Opportunity sponsored a Headquarters Auditorium presentation by Dr. Rita Rodriguez, Director of the Export-Import Bank, on the contributions of Hispanic women in history. The Agency's commemoration of Hispanic Heritage Week also includes an exhibit of southwestern art in the Fine Arts Corridor of the Original Headquarters Building.

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R. M. Huffstutler