

THE WHITE HOUSE
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OCA FILE

Budget/leg
OCA 44-0434

February 11, 1988

MEMORANDUM FOR JAMES M. FREY
ASSISTANT DIRECTOR FOR LEGISLATIVE REFERENCE
OFFICE OF MANAGEMENT AND BUDGET

FROM: DAVID S. ADDINGTON *DSA*
SPECIAL ASSISTANT TO THE PRESIDENT
FOR LEGISLATIVE AFFAIRS

SUBJECT: Draft FY 1989 Intelligence Authorization Bill

Title V of the Draft FY 1989 Intelligence Authorization Bill contains proposed legislation to authorize the Secretary of Defense to establish commercial entities to provide cover for certain DOD foreign intelligence collection activities.

The Administration's position on such legislation is as stated in the President's 1988 Legislative Message to the Congress and, more specifically, in the Deputy Secretary of Defense's letter of December 1, 1987 expressing the Administration's views on H.R. 3150.

Title V of the Draft Bill should be revised to consist of the text of H.R. 3150 as modified by the changes requested in the Deputy Secretary's letter of December 1. That letter advised that enactment of H.R. 3150 as so modified is in accord with the President's program.

By letter of February 1 to Jim Miller, Assistant Attorney General for Legislative Affairs John Bolton advised that the Department of Justice would like Title V of the Draft Bill changed to recognize explicitly FBI pre-eminence in certain intelligence activities within the United States. Substitution of H.R. 3150 with the Administration modifications for Title V of the Draft Bill satisfies that concern, as the language proposed by the Department of Justice is one of the Administration modifications set forth in the December 1 letter.

Copies of the December 1 letter of the Secretary of Defense and the February 1 letter of Assistant Attorney General Bolton are attached.

cc: M.D.B. Carlisle
John Bolton
Wayne Army



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Classification/Handling Caveats
REQUEST/RECEIPT FOR TRANSMISSION

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FROM Terry Thiele OFFICE/DESK GC PHONE NBR 123965

SUBJECT Draft Intelligence Authorization Act for FY '89

CLASSIFICATION UNCLAS PAGES 1

DELIVERY INSTRUCTIONS

HOLD FOR NORMAL DUTY HOURS DELIVER IMMEDIATELY

NOTE FURNISH AFTER DUTY HOUR CONTACT TELEPHONE NUMBER FOR EACH ADDRESSEE REQUIRING AFTER HOUR DELIVERY

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REMARKS:

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**ADDITIONAL LANGUAGE FOR TITLE V OF THE DRAFT INTELLIGENCE
AUTHORIZATION ACT FOR FY '89**

**This additional subsection should satisfy DOJ objections to
Title V. It has been coordinated orally with Bill Cook,
DOJ/OIPR, and [redacted] CIA/OCA.**

***SEC. 395. General Provisions.**

d. "A commercial entity authorized under this chapter, and the personnel of that entity, may not engage in intelligence collection activities within the United States other than those necessary to support intelligence collection activities outside the United States. Such domestic activities shall be conducted in accordance with agreements for coordination with the Federal Bureau of Investigation."

[section-by-section analysis]

Proposed Subsection 395d ensures that commercial entities created by this chapter can engage in intelligence collection activities within the United States only to the extent necessary to support such activities outside the United States, and only after coordination with the Federal Bureau of Investigation.

**TERRY V. THIELE
Assistant General Counsel
for Legislation**