

THE BOSTON GLOBE
31 JULY 1982ARTICLE APPEARED
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Casey: CIA aided Salvador vote

United Press International

WASHINGTON - William Casey, the director of central intelligence, said yesterday that the CIA supplied invisible ink to mark the wrists of voters in El Salvador, but did not "meddle" in the March 28 elections.

In a letter to the New York Times, Casey refuted an allegation by Robert White, former US ambassador to El Salvador, that the agency "bragged that the Central Intelligence Agency has meddled in the election."

White made the assertion in an article Tuesday on the Times opinion page. A specialist in Latin American affairs, he resigned from the Foreign Service in 1981 after the Reagan Administration recalled him from El Salvador.

Casey said White "placed a false interpretation on a piece in the Wall Street Journal of July 16 which reported me as saying, 'For instance, we helped in the El Salvador election. In Honduras, we put people through school and gave them instruments that can detect how much metal a truck is carrying. Some countries we

help with photographic information or sensors, or training for antiterrorist forces."

White quoted only the first sentence, "thus stripping the quotation of detail. This frees him to convert 'help in the election' to 'meddle in the election,'" Casey said.

Casey said that the agency did give "assistance in meeting a genuine concern on the part of both the United States and the Salvadoran governments that the election be held, and that people not be intimidated from voting."

"In addition," Casey said, "we provided election authorities invisible ink, which would be placed on the wrist of each voter and be detected again only under ultraviolet light. This was needed to assure an honest vote and to protect voters from retaliation, with which the guerrillas had publicly threatened anybody who voted."

The Times said Casey also said in an interview that the CIA had supplied the ultraviolet light devices that detected the otherwise invisible wrist markings.

CIA head denies meddling in election

From Alex Brummer
in Washington

A row has erupted about the role of the Central Intelligence Agency in the March election in El Salvador. After charges that the CIA meddled in the election, the director of the CIA, Mr William Casey, has taken the unusual step of writing to the New York Times to deny the allegations.

In the letter, Mr Casey says that the only help the CIA gave during the election was in the form of invisible ink used to stamp the wrists of voters to prevent them from going to the polls twice. His letter came after the former US ambassador to El Salvador, Mr Robert White, had complained that the CIA "publicly bragged that the CIA had meddled in the election."

Mr White's comment followed an interview in the Wall Street Journal last week in which the CIA director was quoted as saying: "The CIA was now again active in clandestine activities albeit in post-Watergate style. . . . For instance, we helped out in the El Salvador election."

Mr Casey, in his letter, had no comment on reports that the CIA had also provided secret campaign funds for the former president of the Salvadorean Junta, Mr Jose Napolean Duarte, and to his Christian Democratic Party.

But the director acknowledges that, before the election, the US Government provided

Salvadorean authorities with "information and capabilities" that helped to block the flow of arms to guerrilla forces from Cuba and Nicaragua. This, Mr Casey says, included sensing devices, metal detectors, and intelligence equipment to track the clandestine movement of arms and people.

In congressional evidence this week, the Assistant Secretary of State, Mr Thomas Enders, justified America's certification of El Salvador for foreign aid on the grounds of its "creation of democratic institutions," where he described the gains as "substantial." He also noted that progress on human rights and land reform was "marred."

El Salvador is receiving about \$81 million (about £47 million) in military assistance from the US, as well as substantial economic help. Under the Caribbean Basin plan before Congress it would get an additional \$75 million.

But the plan, which is at the heart of American policy towards the developing world, has been having a tough journey through Congress. Late on Thursday night a compromise resolution drafted with the help of the White House and aimed at sending an immediate \$350 million to the region was defeated. It now appears likely that the much vaunted effort to export President Reagan's economic philosophy to the Caribbean region will never get off the ground.

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LOS ANGELES TIMES
31 JULY 1982

CIA Help to Curb El Salvador Voting Fraud Told

NEW YORK (AP)—CIA Director William J. Casey says his agency tried to help prevent election fraud in El Salvador earlier this year by supplying invisible ink to stamp the wrists of voters to prevent them from voting more than once, the New York Times reported Friday.

The newspaper also quoted Casey as saying the CIA shared intelligence information with the Salvadorans about planned arms shipments and guerrilla military tactics, including specific plans by insurgent forces to attack Salvadoran towns on the eve of the March 28 election.

Casey made the disclosures after a published allegation that the CIA "meddled" in the Central American country's affairs, according to the newspaper.

It quoted an intelligence source familiar with the CIA's Salvadoran operations as saying the Reagan Administration considered sending funds covertly to Jose Napoleon Duarte, the former junta president, and to the Christian Democratic Party to underwrite their campaign expenses.

It could not be determined whether such aid actually was approved and Casey refused to com-

ment on whether such discussions took place.

Deane R. Hinton, U.S. ambassador to El Salvador, reportedly opposed any CIA involvement in the election, feeling that any role, if discovered, would heighten anti-American feeling.

Casey said an article printed July 16 in the Wall Street Journal and later referred to by Robert E. White, former U.S. ambassador to El Salvador, in Tuesday's New York Times, prompted him to disclose the CIA's role in the Salvadoran elections.

C.I.A. Chief Tells of Attempt to Aid Salvador Vote

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, July 29 — The Central Intelligence Agency tried to support the election process in El Salvador earlier this year by supplying invisible ink used to stamp the wrists of voters to prevent them from voting more than once, William J. Casey, the Director of Central Intelligence, said today.

In addition, according to Mr. Casey, the C.I.A. shared intelligence information with the Salvadorans about planned arms shipments and guerrilla military tactics, including specific plans by insurgent forces to attack Salvadoran towns on the eve of the election March 28.

Mr. Casey, in an unusual step, lifted some of the secrecy surrounding American intelligence operations in Central America in an effort to refute a published charge that the C.I.A. "meddled" in the Salvadoran elections.

The charge was made by Robert E. White, a former American Ambassador to El Salvador, in an article published on the Op-Ed page of The New York Times on Tuesday.

Other Moves Reported Weighed

The Reagan Administration also considered sending funds covertly to José Napoleón Duarte, the former Salvadoran junta President, who toured the country to get out the vote, and to the Christian Democratic Party, to underwrite their campaign expenses, according to an intelligence source familiar with the discussions.

It could not be determined whether such aid was actually approved. Mr. Casey said he would not comment on whether such discussions took place.

Deane R. Hinton, the present American Ambassador in El Salvador, reportedly opposed any involvement by the C.I.A. in the election, fearing even a limited role, if it were revealed, might heighten anti-American feeling. Mr. Hinton did not return a call to the embassy in San Salvador today.

In an interview and a letter to the editor of The Times, which is being published Friday, Mr. Casey reported that the C.I.A. provided the Salvadoran Government with "information and capabilities" that helped block the flow of arms to guerrilla forces from Cuba and Nicaragua.

This aid, he said, included sensing devices, metal detectors and other intelligence equipment used to track the clandestine movement of arms and people.

For the election itself, Mr. Casey said, the C.I.A. provided the invisible ink that election authorities stamped on the wrist of each voter to prevent people from voting more than once. He said the intelligence agency also supplied ultraviolet light devices that illuminated the ink and that were used at polls to check if voters had already cast their ballot.

Mr. Casey said the C.I.A. provided the ink and ultraviolet detection lights because "the authorities in El Salvador had a problem they didn't know how to cope with."

In the letter to the editor, he wrote that the assistance was given to meet "a genuine concern on the part of both the United States and El Salvador Governments that the election be held, and that people not be intimidated from voting."

Salvadorans Sought Aid

Other Administration officials said the ink and ultraviolet lights of the type sent to El Salvador are commercially manufactured and could have been supplied openly by the American Government. Mr. Casey said he was not familiar with the details of the operation, but contended that the C.I.A. supplied the equipment because it was asked to do so by the Salvadorans.

He added that the intelligence operations in El Salvador were part of a larger package of C.I.A. covert operations in Central America approved by President Reagan last November.

The sequence of events that led to Mr. Casey's comments today began with a column published in The Wall Street Journal on July 16. The article, by Suzanne Garment, quoted Mr. Casey as having said that the C.I.A. was active in clandestine operations of a benign nature, including the furnishing of communications equipment to countries facing pressure from Soviet-backed forces. "For instance, we helped in the El Salvador election," he was quoted as having said.

In his Op-Ed page article on Tuesday, Mr. White picked up the comment, writing that Mr. Casey had "bragged that the Central Intelligence Agency had meddled in the election."

Mr. Casey said today that Mr. White's comments had prompted him to provide details of the C.I.A.'s operations to prove that the agency had not meddled in El Salvador. He accused Mr. White of "placing a false interpretation" on The Wall Street Journal article.

Mr. Casey said that despite the sensitive and secret nature of covert operations, he had originally mentioned the El Salvador activities to The Wall Street Journal "to describe the purpose of the kind of special activities that go on these days as opposed to the kind of things people conjure up when they think of the Bay of Pigs."

He was referring to the failed 1961 invasion of Cuba organized and run by the C.I.A. in an effort to overthrow Fidel Castro, the Cuban leader.

Approved For Release 2005/12/14 : CIA-RDP91-00901R000400100006-0

RADIO TV REPORTS, INC.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM Good Morning America STATION WJLA-TV
ABC Network

DATE July 30, 1982 7:00 A.M. CITY Washington, D.C.

SUBJECT CIA and the El Salvadoran Elections

STEVE BELL: CIA Director William Casey has denied reports that the CIA interfered in the recent elections in El Salvador. But Casey has told the New York Times the CIA did provide warning to the Salvadoran government of guerrilla plans to disrupt the elections. Also, it provided invisible ink to stamp voters so they couldn't vote twice.

NEW YORK TIMES

30 JULY 1982

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Letters

**How the C.I.A. Helped
In Salvador's Election**

To the Editor:

In his Op-Ed article of July 27, former United States Ambassador to El Salvador Robert White placed a false interpretation on a piece in The Wall Street Journal of July 16, which reported me as saying, "For instance, we helped in the El Salvador election. In Honduras, we put people through school and gave them instruments that can detect how much metal a truck is carrying. Some countries we help with photographic information, or sensors, or training for antiterrorist forces."

Mr. White takes only the first sentence, thus stripping the quotation of detail. This frees him to convert "help in the election" to "meddle in the election."

I was referring to the C.I.A.'s assistance in meeting a genuine concern on the part of both the United States and the Salvadoran Governments that the election be held, and that people not be intimidated from voting.

The whole American television audience on the evening of the national election saw with their own eyes how guerrilla forces succeeded in aborting the election in the provincial capital of Usulután by terrorizing its citizens. We provided the Salvadoran Government with information and capabilities which helped it to reduce the supply of weapons from Cuba and Nicaragua and to break up guerrilla formations intended to destroy the election by creating disruptive violence in other communities throughout El Salvador.

In addition, we provided election authorities invisible ink, which could be placed on the wrist of each voter and be detected again only under ultraviolet light. This was needed to assure an honest vote and to protect voters from retaliation, with which the guerrillas had publicly threatened anybody who voted.

WILLIAM J. CASEY
Director of Central Intelligence
Washington, July 29, 1982

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ON PAGE 1

WALL STREET JOURNAL
30 JULY 1982

Washington Wire

MORALE SLUMPS among U.S. diplomats dismayed by Reagan policies.

State Department officials feel undercut by White House aides, who pushed through the disputed decision on extending pipeline sanctions to European firms. One official says the department feels "decapitated" and "the crazies are in control." Diplomats complain Reagan listens too much to foreign-policy amateurs—Clark, Casey and international communication chief Wick.

The professionals feel especially frustrated because they see no way out of the current rift with European allies. Even officials opposed to the decision on pipeline sanctions think Reagan can't afford to reverse himself. The National Security Council seeks ways to mend relations with Europe, but the consensus says the U.S. can only let things cool down.

State Department officials hope Shultz will take firm control of foreign policy. But they won't be able to judge his influence for several months.

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Approved For Release 2005/12/14 : CIA-RDP91-00901R000400100006-0

Approved For Release 2005/12/14 : CIA-RDP91-00901R000400100006-0

NEW YORK TIMES
27 JULY 1982ARTICLE APPEARED
ON PAGE A-23

Certifying El Salvador

By Robert E. White

CATAUMET, Mass. — In 1981, Congress signaled its anger over the course of the Reagan policy toward El Salvador by inserting into the Foreign Assistance Act a twice-yearly certification requirement. Accordingly, all military aid will stop this month unless President Reagan warrants that the Salvadoran Government is making a concerted and significant effort to achieve progress on human rights, land redistribution, a political solution to the guerrilla conflict and free elections. As all evidence we have runs directly counter to these propositions, any document providing a rationale for Presidential certification will necessarily be long on unsubstantiated assertion and short on demonstrable fact. In spite of this, the President is expected to sign the certification provided him by a bureaucracy more comfortable with barren continuity than creative change.

All independent witnesses, including a highly professional study by the Americas Watch Committee and the American Civil Liberties Union, confirm that the slaughter of unarmed civilians goes on. How could it be otherwise? In spite of the many thousands of cases involving torture and murder by the Salvadoran armed forces, no officer or enlisted man has yet faced trial for any of these crimes. Nor will they. The refusal of the military high command of El Salvador to permit justice to take its course in the case of the four murdered American missionaries symbolizes the generals' determination to continue to use terror as a weapon against their own people.

It is true that an election was held in March this year that might have provided some evidence of progress toward Congressional goals. At least it had that potential until this month, when William J. Casey, Director of Central Intelligence, in obedience to God-knows-what imperative and with his customary exquisite sense of timing, publicly bragged that the Central Intelligence Agency had meddled in the election. As reported in *The Wall Street Journal* of July 16, Mr. Casey

stated that "the C.I.A. was now again active in clandestine activities albeit in post-Watergate style." He added, "For instance, we helped out in the El Salvador election." Let us all hope that he operates as effectively against our nation's enemies as he does against the policy objectives of the Administration he serves.

The military and economic elites of El Salvador have developed their own rationale to justify their systematic extermination of political leaders, union members, clergy, journalists and peasants. They insist that the Reagan leadership secretly agrees with their terrorist methods and will continue to send aid because the alternative is to see the revolutionaries victorious. If President Reagan certifies as true that which is known to be false, he will breathe new life into this chilling theory and at the same time undermine his own high reputation for honesty. He will also revive the specter of past administrations that chose to justify unpopular policies by concealing the facts from the American people.

Defenders of Presidential primacy in foreign affairs contend that Congress, by intruding so conspicuously into the domain of the executive branch, has simply asked to be lied to. They point out, correctly, that Congress is a blunt instrument in the conduct of foreign affairs and that any attempt by the legislators to play a continuing role in country-specific policy formation is likely to end in disaster. In the case of El Salvador, however, it is legitimate to argue that Congress had no intention of manacled the President or intruding into his domain but rather intended to compel high Administration officials to assess at least twice yearly whether our El Salvador policy was based on illusion or reality.

The appointment of a new Secretary of State known for candor and pragmatism gives the Reagan Administration an opportunity, if it wants to use it, to seek an honorable and sensible way out of this dilemma. One possible solution might be for the President to send a special message to Congress. The communication would state that the Secretary of State has thoroughly examined the record and based on the evidence is not completely convinced that all the Congressional considerations have been met. The President would say that in view of this disturbing report he has ordered his chief adviser on foreign affairs to review policy toward El Salvador fully and he would ask Congress to accept this message as the equivalent of certification pending the outcome of the policy reassessment. State Department lawyers could easily work out the appropriate legal language.

It is vital for the future of United States relations with Central America that President Reagan not continue to certify fantasy masquerading as fact, thereby providing a continuing whitewash of the brutal and corrupt Salvadoran military machine. The executive branch and Congress must work in harness if they are to forge a more creative and common-sense course in Central America. The Reagan Administration should look on the Congressional certification requirement on El Salvador due tomorrow as an opportunity to begin that cooperative effort.

Robert E. White, a former career diplomat, was the Carter Administration's last Ambassador to El Salvador.

CIA's 'genius' recalls life near the top



The Dallas Morning News: Juan Garcia

**Bobby Ray Inman . . . the
"guiding genius" of the CIA.**

By Bill Deener

Staff Writer of The News

Bobby Ray Inman, gangly and bespectacled, looks like one of those high school science teachers that students love to harass.

Then he speaks, and the thin, almost frail man has cast his riveting spell. The man, who once taught history at a Longview junior high school, has lived most of his life in the shadowy world of the Central Intelligence Agency, spy satellites and Capitol Hill intrigue. Until his retirement in April, Inman, a native Texan who hasn't decided where he will relocate, was considered the guiding genius of the CIA.

"At my retirement ceremony, I was reflecting on how far I had

come and I almost expected someone to come up to me and say, 'I'm sorry, none of this ever happened to you. You were only dreaming.'" Inman said in a recent interview while visiting Dallas.

Inman, 51, became deputy director of the CIA in 1981, at which time the U.S. Senate approved his promotion from vice admiral to admiral. He had been director of the National Security Agency four years before that.

As deputy director, Inman ran the day-to-day operations of the CIA. With his toothy smile and restrained, military manner, Inman was a welcome contrast to Director William Casey — the gruff Republican appointee who angered easily.

Inman became the peacemaker to anxious congressmen irked by past discrepancies of the CIA. His mandate from President Reagan, he said, was to rebuild U.S. intelligence gathering agencies — a task he believes he accomplished.

Because of his popularity with Congress and President Reagan, many believed Inman would become the next CIA director. When Casey was being pressured to resign earlier this year because of a controversy over some of his financial dealings, Inman was touted by some congressmen as his replacement.

"That was one of the most difficult times I've ever gone through in my life," Inman said. "There were all kinds of innuendos that somehow I was orchestrating the

publicity and the congressional attacks in order to get him (Casey) out and take his job. No one who knew me ever harbored any thought of that for any length of time at all.

"Back in 1980, I said there was not likely to be another military DCL (director of the CIA) for 20 years. So even though there was a fair amount of press speculation that I would likely have been the successor if Casey would have left, it was my firm conviction that just flat would not be the case."

Inman was born in the small East Texas town of Rhonesboro in Upshur County. He graduated from Mineola High School and received a degree in history and government from the University of Texas. But he grew tired of teaching history to Longview teenagers and joined the Navy in 1951.

During the Korean War, Inman served aboard the aircraft carrier Valley Forge. His incisive mind, near-photographic memory and absolute dedication to his work obviously served him well. His rise to admiral at age 50 has been described as meteoric.

Robert Anson, an author and an expert on U.S. intelligence agencies, wrote of Inman recently: "He is . . . one of the very rare non-Annapolis, non-blue water, full four-star admirals in U.S. naval history, and undoubtedly the only one anywhere who can discuss the rhythms of Thackeray and Swinburne as knowledgeably as he can the exact disposition of the Soviet Baltic Fleet. His brain is an intimidating storehouse, crammed with every imaginable fact."

CONTINUED

BENTON EVENING NEWS (ILL)
21 JULY 1982

Odds and Ends

All of our administrations, operated by whatever political persuasion, take on a comic opera quality at times.

It is rare, however, that we have been treated to as ludicrous an operation as that now holding forth in the executive offices of the CIA.

Director of the CIA is William Casey. Though a full time employee of the United States, Mr. Casey is unable to keep himself from participating in the wheeling and dealing which has marked his career. A man of wealth distinctive even in a cabinet in which that status is accepted as common, Mr. Casey wants more. There have been some nasty imuendoes that, as CIA chief, he made himself a tidy profit by selling oil stock after the agency, which keeps track of this sort of thing, let him know that an oil glut would be making its appearances. The natural consequence would be a drop in value of oil stocks and, coincidentally or not, Mr. Casey dumped his.

This looked bad, the administration thought. So they made a deal with Casey. Most other federal officials put their holdings in a blind trust, and do not know what the managers of the trust invest in or sell. This is aimed at avoiding what is politely called conflicts of interest.

Mr. Casey balked at this procedure. The Reagan administration could have handed him his hat and said they wanted officials more interested in public service than private gain. It didn't, however. It reached a plan under which the CIA could continue to wheel and deal, but with restrictions.

It was explained thusly: "Under the new system, Mr. Casey may still buy and sell stocks at his discretion. But a screening committee, composed of CIA Deputy Director John McMahon and other senior CIA officials, is to be furnished regularly with a list of Mr. Casey's stock transactions.

"If a senior official spots a potential conflict, he is to bring the matter to Mr. McMahon, who, in consultation with CIA General Counsel Stanley Sporkin and his staff, will decide whether Mr. Casey should be excluded from making a policy decision. Or Mr. Casey will be told that one of his holdings will be affected by a forthcoming decision and he will decide whether to sell or excuse himself from the matter."

Understand? I'm not too sure I do, either.

It is apparent, however, that we should all devoutly hope that the Soviets or whoever will be good sportsmen enough not to make trouble while Mr. Casey, Deputy Director McMahon, General Counsel Sporkin and "other senior CIA officials" are deep in conference on Mr. Casey's proposal that he sell, or buy, 15,000 shares of AT&T stock or whatever other deals he may be considering. First things first, you know.

Of course if someone launches nuclear missiles at us and all the top CIA people rush into conference it may not be to make plans for repelling the attacker, but to decide if it may be the proper time to make a killing by unloading his full portfolio of stocks before Wall Street falls in ruins.

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ON PAGE 3

GUARDIAN (U.S.)
21 JULY 1982

Left groups sue to stop CIA, FBI spying

By JOHN TRINKL

President Ronald Reagan's program to permit increased spying on U.S. citizens and organizations is being challenged.

Thirty-six religious, educational and political organizations and individuals filed a suit in Federal District Court in Washington, D.C., June 30 against Reagan's executive order relaxing restrictions on domestic spying by the CIA and FBI.

The executive order, signed by Reagan in Dec. 1981, allows both the FBI and CIA to infiltrate and manipulate domestic organizations and allows, for the first time, covert operations by the CIA inside the U.S. The suit charges that the executive order "provides the ostensible legal authorization for a massive foreign intelligence gathering and surveillance operation." This surveillance operation, the suit charges, "includes the extensive use of warrantless searches and surveillance; infiltration and manipulation of groups and organizations deemed agents of a foreign power or sources of foreign intelligence and counterintelligence information; covert operations by the Central Intelligence Agency against organizations and persons associated with those organizations, and the dissemination to government and military authorities of information files on individuals who have done no more than exercise their constitutionally protected rights of freedom of religion, speech, press, association, travel and privacy."

A wide range of groups and individuals are plaintiffs in the suit including: Rep. Ronald Dellums (D-Calif.); the National Council of Churches; the United Presbyterian Church; the Union for Radical

Political Economics; Mobilization for Survival; the War Resisters League; Monthly Review Foundation; U.S. Committee in Solidarity with the People of El Salvador; Puerto Rican Socialist Party, U.S. branch; the All African Peoples Revolutionary Party, and the Institute for Independent Social Journalism, which publishes the Guardian. The Center for Constitutional Rights initiated the legal action against the government.

Named in the suit are President Reagan, Attorney General William Smith, CIA director William Casey, Secretary of State-designate George Shultz, Secretary of Defense Caspar Weinberger and other government officials.

Rep. Dellums, one of the plaintiffs, charges that the executive order constitutes an unauthorized usurpation of the powers of Congress and constitutes "a throwback to the fearful days of McCarthyism." Church groups involved in the case express concern that their missionaries could be the subject of surveillance, infiltrations and use as intelligence sources. Almost all of the groups involved as plaintiffs have contacts with a number of foreign organizations and individuals. The suit charges that the plaintiffs could be deemed "agents of a foreign power" by the attorney general because of their foreign contacts and become subject to surveillance under the terms of the executive order.

The suit states that Reagan's order "is also in violation of the First Amendment in that it chills plaintiffs from exercising their rights to freedom of speech, press and association, and deters others from

REGISTER-GUARD (OR)
21 JULY 1982

An upside-down deal at the CIA

Before William Casey became director of the Central Intelligence Agency, he was wheeling and dealing on Wall Street. He's still at it.

Unlike most government officials with big financial holdings — including his two CIA predecessors — Casey refuses to put his holdings into a blind trust. That's an arrangement in which an official turns over his investments to independent managers to handle without the official's knowledge.

The idea is to avoid conflicts of interest between official duties and private holdings and to scotch any possibility of the official using "insider" information to make a market killing.

Few in government are more likely to have a conflict or are better positioned to profit from it than the CIA director. He has access to all sorts of intelligence information, including the economic variety. (Although the quality of CIA intelligence is sometimes such that using it to play the market might be a short road to bankruptcy.)

The Los Angeles Times reports that Casey

sold more than \$600,000 in oil stocks last year, when the worldwide oil glut was having a dramatic effect on their value. Did he use insider info? Nobody knows but Casey and his stockbroker.

Instead of a blind trust, Casey has now announced an arrangement in which he will keep senior CIA officials advised of his holdings. If they see a potential conflict, they will theoretically keep information from Casey and keep him out of agency decisions on affected matters.

If it's to be believed, that is an upside-down system. It reduces the CIA director to a part-timer. If Casey has a big oil deal cooking, for example, and things are about to come apart in the Middle East oil fields, are his underlings really going to keep him in the dark about what could be the start of World War III?

Casey can't have it both ways. If he wants to be the nation's top spy, he has to let somebody else play with his money for a while. If he'd rather listen to E.F. Hutton than his agents, he should turn in his secret decoder and head back to Wall Street.

21 JULY 1982

Troubling conflict of interest at CIA

THE DIRECTOR OF Central Intelligence is one of a tiny number of government officials with virtually unlimited access to the broad spectrum of international intelligence information that is gathered by the United States. That includes economic intelligence, which is obtained in many cases well in advance of the time that it becomes public knowledge.

To insulate themselves from even the appearance of profiting from such prior information, top officials are required to place stock holdings that they want to retain in a blind trust, over which they have no day-to-day control. The director of Central Intelligence, is, however, exempted from that rule.

Last year, the current director, William J. Casey, sold more than \$600,000 in oil stocks. As it happens, 1981 was the year of the great oil glut, when prices of oil shares fell sharply.

Whether Casey made money, lost money or broke even on his oil-stock transactions is not known. In a way, it is not even important.

What is important is that the sale of these particular stocks by a man in Casey's position has raised unanswered and perhaps even unanswerable questions about whether secret intelligence information affected his decisions.

Casey's immediate predecessors at the CIA, George Bush and Stansfield Turner, voluntarily placed their investments in blind trusts to avoid any suspicions of conflicts of interest. Casey does not want to do that.

Instead, he has now agreed to a rather curious "screening arrangement," under which senior CIA officials will be kept advised of his stock transactions. If those officials think that they see a potential conflict between Casey's official duties and his private financial interests, they may exclude Casey from making a decision on an official matter. Casey, meanwhile, would retain full freedom to buy and sell stocks as he chose.

That is a cumbersome arrangement and a troubling one. It suggests that the nation's top intelligence official could, at times, be isolated from the decision-making process that is part of his legal responsibility, in order to protect him from a possible interest conflict.

It would clearly be far better if Casey were able to perform his job fully without reference to his personal financial affairs. That could be done if he would do what his predecessors did, and what he himself did in two earlier important government jobs: place his investments in a blind trust.

ANDERSON INDEPENDENT-MAIL (SC)
19 JULY 1982

Why Is Casey Above The Rest?

CIA Director William J. Casey is among the few top Reagan administration officials with access to worldwide intelligence information, including secret estimates of oil supplies.

During his first four months as CIA chief Casey, according to his own disclosure statement, sold about two-thirds of his oil industry stock holdings for \$600,000. This was at a time when oil stock prices started dropping but before they bottomed out.

Casey remains the only top Reagan appointee who didn't set up a blind trust for selling his holdings before taking a post which gives him inside knowledge on status of world oil supplies.

In answer to those questioning the ethics of the situation, the CIA has announced an arrangement whereby an in-house CIA committee will keep on eye on Casey's financial dealings.

Meanwhile, he will continue freely to speculate in stocks at his own discretion.

Under this tidy arrangement Casey's deputy director, the CIA general counsel, and a few other senior CIA officials will be furnished

lists of their boss' stock dealings.

If these subordinates feel certain speculations in stocks might place Casey in conflict of interest, he would exclude himself from taking part in CIA decisions possibly affecting his personal finances.

Said CIA General Counsel Stanley Sporkin: "I'm not going to let him get himself into trouble."

Casey contends that his investment adviser buys and sells stock on his behalf without "direction or consultation" on Casey's part.

Two questions arise over the effectiveness of the "screening" arrangement: 1) Will it prevent an ethics problem, and, 2) Will it affect Casey's ability to do his job?

A CIA director who for any reason refrains from taking part in all decisions within his agency obviously is hobbling himself from fully performing the duties of the office.

Casey's predecessors either divested themselves of large investments or placed them in blind trusts. He should do no less.

THE SAN DIEGO UNION
19 JULY 1982

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ON PAGE A-1

Even His Critics Acknowledge Casey Has Strengthened CIA

By L. EDGAR PRINA
Copley News Service

WASHINGTON — A year has passed since the Senate Intelligence Committee reported it could find no basis for concluding that William Joseph Casey Jr. was unfit to serve as director of Central Intelligence.

If that wasn't damning with faint praise it indicated that the committee had, as the Capitol Hill expression goes, only "a minimum of high regard" for him.

But if the committee were to make a judgment on Casey's job performance today, it almost certainly would be phrased in positive, favorable terms.

Even some of his severest critics, who personally don't like the gruff, sometimes abrasive New Yorker, acknowledge he has strengthened the CIA in his first 18 months as Lord of Langley.

"Despite the distrust of Casey, he is generally credited with doing a good job in beefing up the agency," an aide to one of the most critical senators said.

A strapping six-footer, the 69-year-old veteran of the Office of Strategic Services (OSS) in World War II, is on a roll. He is exhibiting the calm assurance of a man who loves his job



William Casey Jr.

and feels he's on top of it.

Such was not the case when he was haled before the Senate committee to explain why he appointed the controversial and inexperienced Max C. Hugel as his deputy for clandestine operations and failed to provide all the information required of him on committee questionnaires.

Casey eventually conceded it was "a mistake" for which "I take full responsibility" to have appointed Hugel, who had by then resigned. And the director wound up telling the senators more about his own past business and government activities than they probably wanted to know.

Casey seems to be able to admit a mistake and learn from it. He agrees that he failed to devote sufficient attention to congressional relations after his confirmation sailed through the Senate 95 to 0 in January 1981.

He came across as a rather reluctant sharer of intelligence information with the oversight committees. Members of the Senate panel were particularly irked. Eventually, after

Hugel business erupted, several committee members, including then Chairman Barry Goldwater, R-Ariz., suggested Casey should resign.

In recent months, however, Casey has made an effort to keep in closer touch. He now invites small groups of Senate and House committee members to discuss matters of mutual interest over breakfast.

Adm. Bobby R. Inman, who retired as CIA deputy director last month, called Casey a "good director," adding:

"The only critical note that I would make, and I've made it to Bill, is that he needs to work harder on his congressional relations. That process also could be helped if some members of Congress went a little easier in their public rhetoric toward him."

Casey gave himself a handicap with the news media when he decided that the CIA once again would be "not a low-profile, but a no-profile agency."

No longer can a reporter simply call the agency's public affairs office and arrange a briefing by one of the hundreds of specialists at the CIA complex in nearby Langley, Va., as was the case during the Carter administration.

Such briefings are now relatively rare and are offered on a quid pro quo basis: If the reporter is going to travel abroad and agrees to share his insights and information upon his return, he will probably find that a specialist is available.

Unclassified CIA research reports on such things as Soviet oil production or U.S.S.R. arms transfers to Third World countries no longer are brought to the attention of interested reporters, nor mailed to them upon request.

In an address to agency employees, Casey said he believes the CIA will be more effective and more respected "if we cut down on hawking our wares" and concentrate of excellence in

CHICAGO TRIBUNE
18 JULY 1982

Classified [ad] info: CIA is recruiting

"To you we say these are times to put your training and ability to work where it really counts: at the CIA."

By Storer Rowley

Chicago Tribune Press Service.

WASHINGTON—The Central Intelligence Agency is thriving, and it is making no secret of the fact it is hiring steadily at a time when other federal employees are being laid off in droves.

The nation's super-secret espionage agency is not just looking for a few good career spies. Also wanted are a variety of computer programmers and analysts, economists and scientists, nuclear engineers and language experts, and others ranging "from secretaries up to laser beam technicians."

In fact, the CIA has gone public with a cross-country radio campaign as part of an overall buildup under way at the agency.

"If you would like to shape a world to come, send your resume to the Central Intelligence Agency," intoned the voice on a 60-second radio spot played for several days in Washington and Los Angeles. It followed earlier radio campaigns in Salt Lake City, Atlanta and Harrisburg, Pa.

MORE APPLICANTS than ever before are sending in resumes, according to CIA officials, and the cloak-and-dagger business is booming. The radio ads have been very successful.

After nearly a decade of internal cuts and public criticism, the 35-year-old agency has once again become a growth industry fueled by hardliners in the Reagan administration, a general improvement in its public image and an ongoing recruitment campaign on college campuses and with radio, newspaper and magazine advertising.

The agency never discloses personnel or budget figures, but CIA Director William J. Casey has said that for the last two years the agency has been undergoing a buildup that began in the closing year of the Carter administration.

Casey has only characterized the buildup as generally in line with the country's defense buildup. If so, that could be a substantial increase in budget and manpower. President Reagan has asked Congress for a record peacetime Defense Department budget of \$258

billion for next year, which is about a 13 percent boost over this year's Pentagon budget.

WHILE REAGAN is trying to cut back on social programs and to eliminate the Departments of Energy and Education, defense-related and national security agencies are getting beefed up. For example, plans are going ahead to construct a 1.1 million square foot office building, parking structure and security reception center at the CIA's headquarters complex in nearby Langley, Va.

Henry Walton, deputy chief of the CIA's recruitment division, acknowledged in an interview that the agency is growing. But he cautioned that the CIA isn't making "wholesale increases." He called the increase "modest."

Walton denied there is a "major advertising effort" under way, but described it as rather an "ongoing" recruitment campaign.

"We need to compete for good applicants just like any other business or concern," Walton explained. "We've got to make sure that the public knows that the Central Intelligence Agency is hiring."

WALTON SAID the agency is trying to gain a "share of mind" of an individual who may be happily employed now but will remember the CIA when it comes time for a job change.

"We also have about 800 to 1,000 resumes a week that are essentially unsolicited," Walton said. "There are people who are astonished that we get our people by advertising. And some do go on to covert work. We do get a number of people (through ads) in our career training program . . . those individuals who will ultimately train for service abroad as an intelligence officer."

Walton attributed the recent upsurge in applicants not only to the agency's increased advertising but also to the recession. Nationwide unemployment now stands at 9.5 percent, the highest rate since World War II.

Congressional sources familiar with the House and Senate intelligence oversight committees agree with CIA officials that the agency's public image has improved, spurring more interest in joining the agency than a decade ago.

BY SOME ESTIMATES worldwide CIA spying during the Vietnam war, including the

agency's "secret army" in Laos, swelled the number of CIA operatives to about 8,500 in the late 1960s.

In the mid-1970s, congressional investigation of the agency produced better oversight of intelligence activities. Then the Carter administration further restricted the agency.

The CIA's budget was cut by about 40 percent and its personnel by half during those years, according to Casey. In August, 1977, then-Director Stansfield Turner announced the elimination of 816 jobs in the operations division. The so-called "Halloween massacre" came the following Oct. 31, when Turner sent out the first 212 pink slips.

But the tide has turned around again.

THE BUSINESS OF spying, however, is still a very selective and exclusive affair, and agency publicity has the dual effect of promoting the CIA's image by calling on only the best applicants to apply:

- The radio ad states that graduate and undergraduate degrees are necessary and seeks "men and women with backgrounds in computer and physical sciences, economics, engineering, languages or foreign area studies . . . Qualifications are high, but so are the rewards and the benefits."

- A CIA newspaper ad asks a series of questions as to whether an applicant can tolerate pressure, make quick decisions, lead and motivate others and withstand hardship. "Many men and women bored with their present 9 to 5 jobs merely fantasize that they are cut out for the demanding work that a career with the CIA entails," the ad says. "If there is the slightest doubt in your mind about yourself, read no further. Save your time and ours."

- An agency recruiting booklet, "Intelligence: the Acme of Skill," also cautions that the work is hard and not for everyone, and it describes intelligence as having "less to do with cloaks and daggers than with the painstaking, generally tedious collection of facts, analysis of acts, exercise of judgment and quick, clear evaluation."

Starting salaries for CIA recruits begin at about \$16,000 a year and can go as high as \$25,000 for well qualified applicants, and recruits are needed for more than 100 different job categories, Walton said.

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ON PAGE 1

THE WASHINGTON POST
18 July 1982

Men With a Mission, at the Midterm

By David Hoffman and Lou Cannon
Washington Post Staff Writers

A senior White House official, reflecting on the strengths and weaknesses of President Reagan's Cabinet members, was asked recently who among them has come to the Oval Office during the past 18 months bearing bad news the president might not want to hear.

He paused, then answered, "Sen. Pete Domenici."

When asked which of the 16 Cabinet members would be most valuable in helping Republicans during this fall's congressional campaigns, one of Reagan's senior political advisers said, "I'm glad I'm not Ed Rollins," referring to the White House political director. "The Cabinet officers have each committed to two weeks of campaigning, and it's hard to figure out where you'd want to use them."

As the Reagan administration nears midterm, these frank, typical judgments from those close to the president of the limitations and deficiencies of the Reagan Cabinet reflect their feelings that, in the words of one administration official, this is a Cabinet "without superstars." The judgments from outsiders are much harsher.

Instead, it is a Cabinet that rates highest for loyalty. Now that Alexander M. Haig Jr. is gone as secretary of state, it contains few dissenters and no solo fliers.

Cabinet members are quick to point out that the president is the only elected member of the executive branch, other than the vice president, and that he comes with plenty of strong convictions. Rather than the corporate-style "Cabinet government" promised by Reagan during the 1980 presidential campaign, most important decisions are made among the small group of White House advisers.

That is fine with the Cabinet. For the most part its members are a collection of wealthy, middle-aged males, steeped in the ways of board rooms and corporate management, who live by the executive branch equivalent of Sam Rayburn's famous congressional adage: "To get along, go along."

THE REAGAN CABINET

PART I

Jimmy Carter brought into his Cabinet men who had won elections and brought with them their own political bases: Edmund S. Muskie, Cecil D. Andrus, Neil Goldschmidt, Moon Landrieu, Brock Adams. But the Reagan Cabinet has a markedly lighter political weight. One of the most frequently heard criticisms is that the group lacks sufficient political sensitivity.

One Cabinet member who agrees was asked recently for an example of how the administration has been hurt because of this.

"How many examples do you want?" he said, ticking off such embarrassments of the first 18 months as the furor caused by the decision to give tax exemptions to some private schools that are racially discriminatory.

"It is a Cabinet of businessmen, not politicians," a top administration official said. This is precisely what Reagan had intended. "One of my basic requirements," he said during the 1980 campaign, "is I want people who don't want a job in government. I want people who will have to step down to take a position in government."

Like those of other Cabinets, Reagan's appointees have fallen to the temptation of

the perquisites of government service. Reagan ordered his Cabinet members the day after taking office "not to redecorate their offices." In the first few months, at least six Cabinet members did so anyway, some spending thousands of dollars to improve their private bathrooms and dining rooms.

Like any other Cabinet of any other president, it is one in which some members clearly outshine the others. There is general agreement, both inside and outside the administration that the most skilled and effective members of the Reagan Cabinet are Treasury Secretary Don-

At the other end of the table, there is nearly unanimous agreement, even from some of those closest and most loyal to the president, that Labor Secretary Raymond J. Donovan and Housing and Urban Development Secretary Samuel R. Pierce Jr. are conspicuous administration liabilities.

Between these two groups is a collection of Cabinet members who, nearly everyone agrees, have some obvious strong points and some serious flaws. It is widely anticipated that there will be a reshuffling of the Cabinet after the Nov. 2 elections.

In a series of interviews recently, many Cabinet members, White House aides, other administration officials, members of Congress, lobbyists and academics assessed the strengths and weaknesses of the individual members of the Reagan Cabinet.

* * * * *

By the very nature of his position, less is known about how William J. Casey, director of the CIA, has fared. One senior White House insider said Casey serves Reagan well by delivering analyses without adding recommendations. Another official said it's difficult to determine how much independent ability Casey brings to the post because he often just reads from prepared papers.

His former deputy, Adm. Bobby R. Inman, was a favorite in Congress, but Casey is not trusted by some members of the Intelligence committees. "Even if Casey was telling the truth with his hand on a stack of Bibles, I wouldn't believe him," one committee Democrat said. "He'll tell you something and you really don't know."

EXCERPTED

WALL STREET JOURNAL
16 JULY 1982ARTICLE APPEARED
ON PAGE 16

Casey's Shadows: A Greater Emphasis On CIA Analysis

In the huge marble entrance hall of the Central Intelligence Agency outside Washington, one wall bears the words, "And Ye Shall Know the Truth and the Truth Shall Make You Free." The wall opposite is inscribed with stars, "In Honor of Those Members of the CIA Who Gave Their Lives in the Service of Their Country." Below the stars, a glass display case holds a book in which each star is followed by the name of the slain CIA member it stands for. Some of the stars have only blank spaces beside them, to mark the names that will never be revealed.

This dual commitment, to secrecy and to knowledge, is the hallmark of a government intelligence agency. Most of our attention to the CIA in the past decade has been concentrated on the secrecy part. But CIA Director William Casey, in a recent interview, wanted mainly to talk about what he was doing about the less glamorous and more important matter of how the agency analyzes and reports information.

He did say that the CIA was now active again in clandestine activities, albeit in post-Watergate style. "There's a lot of talk about my being trigger-happy," Mr. Casey defended himself, "but lots of the little countries of the world are under pressure"

Capital Chronicle

by Suzanne Garment

from Soviet-backed forces. "We've gotten out of the business of security assistance, but we're doing lots for them in fields like communications.

"For instance, we helped in the El Salvador election. In Honduras, we put people through school and gave them instruments that can detect how much metal a truck is carrying. Some countries we help just with photographic information, or sensors, or training for anti-terrorist forces. It's all done with local people and just a handful of officers."

But just as important was what was happening to intelligence analysis. The estimates program—the process by which the intelligence community, within the CIA and elsewhere, produces its major pieces of analysis—had been "way down," Mr.

Casey said, when he arrived. Part of the problem was simply money: In the seven or eight years prior to the last year of the Carter administration, the agency had "lost 50% of its people and 40% of its funding."

The problem wasn't just money, though. The program "wasn't timely," said Mr. Casey, "and it wasn't relevant. For instance, I asked for an estimate on the Cubans and their activities. I got it after two months—and it neglected to mention Cuba's relationship with the Soviet Union. I sent it back, and it took another while. I asked how long it had been in the works. It turned out that it was begun in June of 1980. It had gone through seven drafts—and the first one was the best."

Moreover, the estimates were too narrow in scope: "They were doing these estimates on a country-by-country basis. They would do one on Nicaragua, Honduras, El Salvador. But no one was looking at the regional interplay among these countries. And no one was concentrating on the economic component of these situations. In 20 years, we had put only five estimates on the Soviet economy.

"We've got the estimating process streamlined," Mr. Casey said. Instead of the compromising and papering-over of differences that used to go on at the lower levels of the bureaucracy when an estimate was prepared, "we now have the chiefs of all the agencies comprising the intelligence community making the decisions." The issues, as one aide to Mr. Casey put it, are drawn more clearly under the new system. They are made clearer still by Mr. Casey's certainty that "I'm the one responsible for the estimate, and for giving a fair reflection of alternative views."

Mr. Casey has also made some major changes in the way the agency does its short-term analysis. He's taken the people in the analytic sections—who used to be divided up into categories like scientific affairs, societal affairs and strategic affairs—and put them into new sections organized along geographic lines. That way, he said, they have a better chance of producing information that is immediately useful to policymakers. He has also established new analysis centers on two topics of current interest, technology transfer and "insurgency and instability."

Finally, the daily briefing procedure has been changed. Now high officials don't merely get a package of written materials sent over by the agency. Instead they hear a presentation from a briefing officer. He then reports back to headquarters on what types of questions the officials asked and if there might be a need for more of certain kinds of information.

These changes in the way the CIA handles intelligence are all of a piece. They are designed to make disputes in the intelligence community more visible, produce information on the politicians' timetable, reorganize the analysts to make their product conform more closely to decision makers' needs and tighten the day-to-day connection between high government officials and the agency. If they work, they will make the CIA more relevant. They will also make the agency more political, by forcing analysts to attune themselves more closely to the schedules and agendas of the politicians who are their customers.

Mr. Casey's strategy is guaranteed to provoke resistance, but its "political" nature is precisely what makes it promising. After all, it is hard to give a decision maker a good answer unless you are willing to find out what his question is.

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CHICAGO TRIBUNE
16 JULY 1982

Michael Kilian

Stock-watching for CIA's boss

CIA Director William Casey has refused to put his investments in a blind trust, as his predecessors have done. Instead, he has assigned aides to alert him whenever CIA intelligence might help his investments and present him with a conflict of interest.

John Le Carre's George Smiley stuck his hands deep into the pockets of his overcoat as he skulked along in the dark shadows near the Berlin Wall. It was July, and rather hot to be wearing an overcoat, but he couldn't imagine skulking without one. It just wasn't done. It was the sort of thing that could get one rumored about in one's club.

Just then, a black sedan roared by, slowing just enough for Len Deighton's Harry Palmer, bound and gagged, to be thrown out the rear door and roll to a stop at Smiley's feet, bruised and bleeding.

"You're late," Smiley said, helping Palmer rise.

"Sorry," said Palmer, once his gag was free. "We got stuck in the bloody traffic."

Just then, a burning object appeared high in the night sky. As it drew nearer and brighter, they could see it was a parachute, beneath which was a man clutching a blonde in a bikini, a bottle of 20-year-old Glenlivet scotch and a laser pistol. At about a hundred feet off the ground, the man kissed and dropped the blonde, shot a curious East German border guard with the laser pistol and drank the Glenlivet, neat.

"It's Bond!" said Palmer, as Ian Fleming's James Bond cut himself free of the burning parachute harness with his wrist-watch rapier and brushed off his \$1,500 Savile Row suit.

"Who set your parachute on fire?" Smiley asked.

"I did," said Bond. "I was having my way with that woman up there when I accidentally fired off my laser pistol. Now, tell me, Smiley, is it true?"

"Yes, it's true," said Smiley. "The American CIA agent, William Buckley's Blackford



William Casey: an eye on investments

Oakes, is going to defect to the Soviets. We have to stop him, and fast. He's going over the wall tonight at Checkpoint Muffy."

"I can't understand why a blooming prepie like him would want to live in Russia," Palmer said. "They don't even have Sperry-Topsiders."

Before he died, the border guard gave them directions to Checkpoint Muffy, where they found a man climbing up the barbed wire. He was wearing a blue blazer and chinos and had a big duffie bag on his back that later proved to be stuffed with a lifetime supply of Sperry-Topsiders.

"One more step and I'll crisp you with my

belt buckle flame thrower!" shouted Bond. "Oh, be good sports and let me go," said Oakes. "I just can't go back to Washington. It's this new assignment they've given me. It's absolutely intraparietal."

"Are they going to parachute you into a bloody Pol Pot death camp?" asked Palmer. "I did that once in '79," said Bond. "With a redhead."

"It's worse than that," said Oakes, climbing down from the wire. "They have me sitting at a desk all day reading the stock tables. If new intelligence comes in about something like an oil embargo that could affect Casey's investments, I'm supposed to tell him so he can avoid a conflict of interest."

"How does he do that?" Bond asked. "He makes every effort not to take the intelligence information into consideration when he buys or sells stock," Oakes said. "It's enough to make one acutely intransigent."

"Your solution is simple," said Smiley, mopping his brow. "Just give Casey wrong information. If he's not using CIA intelligence in his stock transactions, then it won't make any difference."

"But what if he fires me?" Oakes asked. "Then you can become a stockbroker," Bond said. "They give out wrong information all the time."

"But is trading in stock socially acceptable?" Oakes asked. "I thought the only respectable profession for a man of my class, education and breeding was spying."

"Judging by Casey's example, I'd say they are on a par," said Bond. "Our work is done here," said Smiley, and he started to climb up the wire toward the top of the wall.

"His bloody glasses must be covered with perspiration and he doesn't know where he's going," said Palmer. "Come back, George! If they catch you, they'll send you to Siberia!"

"Yes," said Smiley, pausing to turn up his overcoat collar. "I know."

RIDING HERD ON CASEY

Special arrangements have been made to assure that William Casey does not take undue financial advantage of his position as director of the Central Intelligence Agency. This may be necessary, but it seems odd.

There also is a curiously cynical aspect to comments by Stanley Sporkin, who as CIA general counsel will help ride herd on the director. In justification of the system whereby Casey's stock transactions are to be screened for possible conflicts of interest, Sporkin opined that it was "as good or better than a blind trust under the circumstances". His opinion seems to be drawn from the fact that under this arrangement Casey will have to disclose his stock dealings annually, whereas this would not be required were his holdings placed in a blind trust.

The owner of holdings is kept in ignorance of transactions under a true blind trust. Casey's holdings should be so disposed, instead of depending on a special arrangement of dubious propriety.

NORTHERN VA. DAILY
13 JULY 1982

Riding Herd

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Casey began his term as CIA director under a cloud because of allegations about his financial dealings. This latest revelation does little to improve his reputation.

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Casey's stubbornness hurts CIA

The lengths to which the Central Intelligence Agency has gone to accommodate the intransigence of CIA Director William Casey are as incredible as they are inadequate.

When Casey took office, he refused to place his considerable stock holdings in a blind trust as did his two predecessors. Never mind that the CIA constantly deals in secret economic, political and resource information of great potential value in assessing securities markets. Never mind that his holdings might compromise CIA decisions that affect corporate interests. Never mind that — even if Casey were as honest as Abe Lincoln — the apparent conflict of interest would reflect badly on the agency.

A case in point: Casey sold some \$600,000 worth of oil stocks last year, a year in which oil stock prices nosedived because of a worldwide glut.

Everybody knows the CIA keeps close tabs on the world oil market. Did Casey's access to agency information influence his decision to sell his stocks? Most likely we won't ever know, but we'll always wonder. That kind of wondering taints the CIA's ever-delicate reputation.

In the interest of avoiding further such embarrassments, the CIA has established a "screening arrangement" to keep tabs on Casey's stock transactions.

Under the arrangement, Casey's subordinates are to be apprised of all his stock trades. If a potential conflict arises, they can exclude Casey from decisions concerning the area of conflict. Or, lacking firm conclusions, they can tell Casey of their worries and let him decide how to handle the conflict.

The whole set-up is preposterous. Part of the time Casey will be excluded from decisions concerning the agency he is supposed to run. Part of the time he will be left alone to deal with conflicts.

No matter what, he still will have access to CIA information.

We've said before that Casey is the wrong man to direct the CIA. Months ago, serious questions about his past business dealings raised doubts about his ability to head an agency that works in secret and demands leadership of impeccable integrity. The current flap emphasizes his shortcomings.

Casey's Dubious Standards

Is there any limit to William Casey's contempt for ethical standards of conduct among public officials?

Last year the CIA director, who is privy to classified information regarding world oil supplies, sold off more than \$600,000 in oil stocks, avoiding losses suffered by many investors when the supply glut sent stock prices tumbling. Apparently in response to criticism of those activities, the CIA has announced guidelines for the director's personal financial affairs.

And what are those guidelines? The agency has set up a "screening arrangement" by which key CIA officials will prevent Casey from taking official steps that would enhance his holdings. We are assured that this is "as good or better than a blind trust under the circumstances."

We find that impossible to believe. The officials in question work for Casey and can be dismissed by him. They hardly are in the position to make any tough decisions. And if anyone in the administration bears watching in financial matters it is William Casey.

In the 1960s he was a director of Multiponics Inc. A federal judge in New Orleans has said the Multi-

ponics directors managed the now-defunct firm "deeper and deeper into debt" through a "pattern of self-interest" while another federal judge in New York has said the directors knowingly misled early investors in the firm.

In the 1970s, as President Nixon's chairman of the Securities and Exchange Commission, he blocked congressional investigators from obtaining access to files concerning International Telephone and Telegraph Corp. He also met with fugitive financier, Robert Vesco about the same time Vesco was giving \$200,000 to Nixon's reelection campaign.

Just last year, Casey submitted to the Senate Intelligence Committee and the Office of Government Ethics financial disclosure reports that were flagrantly incomplete. The committee said Casey had omitted at least nine investments with a total value of more than \$250,000, liabilities of nearly \$500,000, four civil lawsuits and more than 70 law clients. Two of those clients were the governments of South Korea and Indonesia and a third was an oil company controlled by the Indonesian government.

How much longer will Congress tolerate the presence of such a person as director of a critically important federal agency?

TOLEDO BLADE (OH)
12 JULY 1982

Casey's Ethics

THE Central Intelligence Agency has leaned over so far backwards to accommodate the financial insensitivity of its director that in its contortions it somehow managed to end up flat on its face.

Since William Casey was named to the post in 1981 he has blatantly disregarded the voluntary ethical standards that all other top federal officials have followed. He has refused to place his holdings, estimated last year as around \$3 million, in a blind trust, despite the glaring fact that the CIA has access to intelligence information about oil supplies which could enhance Mr. Casey's wealth. No other top Reagan administration official has refused to use a blind trust, and Mr. Casey's two predecessors at the CIA used this means to avoid potential or real conflicts of interest.

Now, the CIA has jerry-built a screening system for Mr. Casey; it is referred to by one critic as a "fig leaf." A number of senior CIA officials are to be furnished a list of Mr. Casey's stock transactions. If one or more appear to raise questions, a panel will decide if the boss should be excluded from making a

decision or should be asked to divest himself of certain stocks.

The "system" is ludicrous. CIA employees, like those in private industry, are going to be reluctant to rein in their boss. Mr. Casey has been hired to run the agency, not drop out of policymaking because of conflicts. Top officials have far better things to do than monitor the dealings of the director. Their attention ought to remain focused entirely on foreign intelligence-gathering. Although J. Jackson Walter, government ethics chief, has chirped that the plan is a "good and thorough system," it is in reality a further dodge that lets Mr. Casey go on as before.

What puts Mr. Casey above the voluntary rules that apply to everyone else? Nothing, of course, except that Mr. Reagan has not demanded that he do as everyone else does. Until Mr. Casey follows the procedures that others obey, the potential for embarrassment will remain. That in the long run can only threaten the political fortunes of Mr. Reagan.

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ON PAGE 3THE CHRISTIAN SCIENCE MONITOR
12 JULY 1982

Decline of Ed Meese? There's nothing to it, say White House insiders

Reagan's preoccupation with overseas events, shifts among top aides explain lower profile

By Godfrey Sperling Jr.
Staff correspondent of
The Christian Science Monitor

Washington

Reports of the decline of presidential counselor Edwin Meese, so widespread of late, are quite exaggerated.

Despite some recent adjustment in his duties and criticism of his performance, Mr. Meese is still firmly in favor in the Reagan

Analysis

White House. This assessment rests on these observations:

- The well-known loyalty of the President to those who have long stood at his side. Mr. Reagan has liked Mr. Meese and respected his judgment for years, going back to the period when Reagan was governor of California.

- The President's feeling, according to White House insiders, that he owes Mr. Meese a great deal, including Meese's assistance during the 1980 campaign.

Mr. Reagan felt no such abiding loyalty to Secretary of State Alexander M. Haig Jr. But he does to Attorney General William French Smith and CIA Director William J. Casey, both of whom have been subject to criticism for alleged improprieties.

According to White House insiders, the appearance of a fading Meese comes largely from a shift in the relationship of the Big Three — Chief of Staff James Baker, Deputy Chief Michael Deaver, and Meese — with the arrival of William Clark as national security adviser. In essence, it's now a Big Four.

One Presidential associate puts it this way: "Influence among the Big Four is a rolling one. It moves first to one, then to another. The President trusts each of these men equally. That's the only relevant factor in assessing the importance of Meese or Baker or Clark or Deaver."

Mr. Clark, like Meese is a longtime friend of the President's. Meese kept tabs on the National Security Council during the tenure of Clark's predecessor, Richard Allen. But now Clark reports directly to Reagan.

Clearly, there's less need for Meese to be dealing with the White House foreign-policy-making machinery. But stories that Meese has lost his say on foreign policy are simply not so.

"The real story about Meese's position today," says one top White House aide, "is that it remains just as it was from the beginning: very high. And why? Because he is the counselor to the President. This means that the President seeks his counsel on all matters. And this means foreign as well as domestic policy."

He continues: "The President and Meese have this longtime, close relationship. The President trusts Meese. And he continues to turn to him. And as long as that goes on, Meese is on the top of the heap around here — along with Baker, Deaver, and Clark."

In this same vein, Edwin L. Harper, assistant to the President for policy development, told reporters over breakfast on June 8: "Ed Meese is involved in every major decision the President makes — in domestic or foreign policy." He added, "He's definitely not on the skids."

Mr. Meese himself has publicly denied allegations that he is being eased out of key policy decisions. He attributed such reports to "anonymous political gossips."

Obviously, the focus of presidential attention is controlled by events. But, less obviously, the importance of various members of the White House's top quartet is shaped by where this focus rests.

For some time the President has been wrapped up in foreign affairs — first the Falklands, then both the Falklands and the Mideast, and, now, the crisis in Lebanon.

This has meant that Clark has been playing a top role, simply because the President needed his services more than those of others close around him.

But Baker has held the spotlight, too, since his liaison-with-Congress duties kept him in center stage during the protracted battle over the budget.

Deaver, the trusted aide who has always been particularly close to Reagan, is much more than the keeper of the presidential schedule. A Deaver associate describes him as "the one who sets the President's pace, helps direct his momentum." If there is a Presidential right-hand man, it is Deaver.

And he has been that from the start.

LOS ANGELES TIMES
12 July 1982

A Troubling Arrangement

The director of Central Intelligence is one of a tiny number of government officials with virtually unlimited access to the broad spectrum of international intelligence information that is gathered by the United States. This includes economic intelligence, which is obtained in many cases well in advance of the time that it becomes public knowledge. To insulate themselves from even the appearance of profiting from such prior information, top officials are required to place stockholdings that they want to retain in a blind trust, over which they have no day-to-day control. The director of Central Intelligence, is, however, exempted from this rule.

Last year, the current director, William J. Casey, sold more than \$600,000 in oil stocks. As it happens, 1981 was the year of the great oil glut when prices of oil shares fell sharply. Whether Casey made money, lost money or broke even on his oil-stock transactions isn't known. In a way, it isn't even important. What is important is that the sale of these particular stocks by a man in Casey's position has raised unanswered and perhaps even unanswerable questions about whether secret intelligence information affected his decisions.

Casey's immediate predecessors at the CIA, George Bush and Stansfield Turner, voluntarily placed their investments in blind trusts to avoid any suspicions of conflicts of interest. Casey does not want to do that. Instead, he has now agreed to a rather curious "screening arrangement," under which senior CIA officials will be kept advised of his stock transactions. If these officials think that they see a potential conflict between Casey's official duties and his private financial interests, they may exclude Casey from making a decision on an official matter. Casey, meanwhile, would retain full freedom to buy and sell stocks as he chose.

This is a cumbersome arrangement, and a troubling one. It suggests that the nation's top intelligence official could, at times, be isolated from the decision-making process that is part of his legal responsibility, in order to protect him from a possible interest conflict.

It would clearly be far better if Casey were able to perform his job fully without reference to his personal financial affairs. That could be done if he would do what his predecessors did, and what he himself did in two earlier important government jobs: Place his investments in a blind trust.

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ON PAGE 11

THE NEWSDAY MAGAZINE (N.Y.)
11 July 1982

Bill Casey at Helm: Quietly in Co

By David Wise
Photo by Ken Spencer

Some weeks ago, an interesting piece of information began circulating in the intelligence community — the closed, spooky world of the Central Intelligence Agency, Defense Intelligence Agency, National Security Agency, Federal Bureau of Investigation and the other spy agencies in and around Washington.

The word went out that William J. Casey, the director of central intelligence, had bought an expensive house in the exclusive Foxhall Road section of Washington.

To men and women accustomed to working with fragments, piecing together minute bits of intelligence to form a larger mosaic, the report was immediately seen for its true significance. Better than any official announcement, it meant that Bill Casey, a Long Islander who has a home in Roslyn Harbor, was planning to stick around as CIA director.

There have been times in the past stormy year and a half when it was not at all clear that Casey would survive as the DCI, as the spies refer to their chief. There was a series of disasters. First, Casey named his former political aide, Max C. Hugel, as head of the CIA's cloak-and-dagger directorate. Hugel was soon forced to resign as the result of disclosures in the Washington Post about his questionable business dealings. Then the Senate Intelligence Committee, responding to a barrage of publicity, began probing Casey's own financial past. And Sen. Barry Goldwater (R-Ariz.), chairman of the intelligence committee, once a Republican presiden-

point-blank for Casey to resign.

All of that took place last year, Casey's first year on the job. The storm subsided. The Senate panel, in a backhanded way, found Casey not "unfit" to serve. And through it all, the CIA director — Ronald Reagan's campaign manager in 1980 — managed to preserve his close personal relationship with the President. ("I still call him Ronnie," Casey has said.)

Among those who must surely have heard the report about the house off Foxhall Road was Casey's deputy, Adm. Bobby Ray Inman, who Sen. Goldwater and a lot of other members of Congress had openly hoped would be Reagan's original choice for CIA director. Blocked from the top job, wooed by private industry with job offers in six figures, Inman in April announced that he was quitting.

In Moscow, the KGB has no doubt already heard about Casey's new house. Very likely, Vitali V. Fedorchuk, the recently appointed chairman of the Committee for State Security, better known as the KGB, has already informed President Leonid Brezhnev in the Kremlin.

And the report is true. J. William Doswell, director of the CIA's Office of External Affairs, a smooth, Richmond, Va., lobbyist and former newsman whom Casey brought in as his top public relations man, confirms it. Doswell said that Casey and his wife, Sophia, moved last month from their apartment somewhere in Washington to their new home off Foxhall Road.

career who has managed to stay one jump ahead of trouble, barely avoiding entanglement with the likes of Robert Vesco during Watergate. For example, Sen. Joe Biden of Delaware, a Democrat on the Senate Intelligence Committee and Casey's most vocal critic, refused to endorse the panel's findings on the CIA director, declaring: "Mr. Casey has displayed a consistent pattern of omissions, misstatements, and contradictions." And Casey's critics also charge he is not really qualified to run the CIA, since his intelligence experience dates from World War II, when he worked for the Office of Strategic Services (the OSS was the

PHILADELPHIA NEWS
10 JULY 1982

Trusting Casey

The Reagan administration is apparently growing increasingly concerned that its top officials might appear to have conflicts of interest between their private holdings and their public duties.

Well it might. Since a fair number of them are people of considerable wealth and personal power, the matter should indeed be of concern, particularly since many of them would not notice a conflict of interest if it leaped out of their breakfast oatmeal wearing a derby hat.

When Attorney General William French Smith, for example, used questionable tax shelters to avoid paying a large share of his taxes, there was a proper public outcry and he quickly, if reluctantly, whipped out his checkbooks to make matters right.

The conflict there, of course, was that it could well fall to Smith to rule on the legality of the those same shelters.

Men and women who go into public office often put their financial holdings into what are known as "blind trusts." Theoretically, at least, they relinquish control of their investments to a third party. If you believe that that system always works you'll believe that, at least where blind trusts are involved, it isn't always true that the rich inevitably get richer.

But despite its potential for mischief, the blind trust system seems to have worked fairly well.

At least one Reagan appointee has refused to have anything to do with it. CIA Director William J. Casey has insisted on keeping his money where he can see it. By doing so last year, Casey was able to sell hundreds of thousands of dollars in oil stocks just before they plummeted in value because of the world oil glut.

As director of the CIA, Casey is privy to top secret reports on, among other things, potential oil supplies throughout the world — one of the factors that determines the value of oil stocks. Interesting coincidence, what?

A Casey spokesman has denied that the CIA director ever used his insider's knowledge that an oil bust was in the offing when he decided to sell off his holdings. Nevertheless, the CIA has come up with a unique system to try to insure that there won't be any hanky-panky going on.

From now on, it says, Deputy CIA Director John McMahon will head a team of CIA subordinates who will keep tabs of their boss's finances, warning him of any potential conflicts of interest. Thus, the public will foot the bill to make sure that Casey treads the straight and narrow.

For his part, we're sure, Casey will be duly grateful and will sell off each and every stock that might pose a conflict of interest. When his term in office ends, he will be a wiser but poorer man — and hundreds of CIA agents will have been commended for their service to the boss.

The only problem with the arrangement — and one admitted by the CIA — is that no one has decided just what would or wouldn't be a conflict of interest situation.

We can think of one for starters: The fact that Casey has adamantly refused to put his financial holdings into a blind trust in the first place.

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FRESNO BEE (CA)
9 JULY 1982

Casey's ethics machine

Let's see if we can get this straight. Certain senior CIA officials will be furnished regularly with lists of CIA Director William Casey's stock transactions.

If they spot any potential conflict of interest in which Casey could use his CIA position to fatten his pocketbook — as when Casey sold \$600,000 worth of oil stock last year just as the world oil glut was beginning — they will refer the matter to CIA Deputy Director John McMahon.

McMahon, in consultation with CIA General Counsel Stanley Sporkin and his staff will then decide whether Casey should be excluded from making a decision at the CIA that could be of personal benefit to himself.

Or they can tell Casey that one of his holdings will be affected by an upcoming CIA decision and let him decide whether to sell the affected stock or excuse himself from the decision.

Or, if Casey's holdings are big enough they may flat out exclude him from making the decision if he wants to participate.

For those who cannot follow this, Sporkin's comment on this wondrous Rube Goldberg ethics machine should make things clear: "I'm not going to let him get himself into trouble."

How all this will prevent Casey from using the sensitive information to which he has routine access to enrich himself seems not to

have been considered. Nor, apparently, did anyone consider exactly what all this silly and largely ineffectual system says about the man who heads what is undoubtedly one of the most sensitive agencies in the U.S. government.

Is this where one wants a man who, after a lengthy U.S. Senate investigation, was declared "not unfit to serve," whose own friends in the Senate declared that they wished "he was more meticulous in his private business life" and who, in the 18 months since he was appointed, has been investigated for more things than one can reasonably keep track of: knowingly misleading investors in a firm in which he had an interest; failing to register as a foreign agent; using inside information for personal advantage in stock deals?

Casey, unlike all other high government officials serving in posts involving potential conflicts of interest, refused to put his stock holdings — estimated to be worth between \$1.8 million and \$3.4 million, many of them in firms with large foreign operations — into a blind trust. That, of course, is his right. But it is not his right to be director of the CIA, nor, as far as anyone can see, has he ever been especially qualified to hold that post. A man who requires devices like the CIA's "screening arrangement" and people like Sporkin and McMahon to keep him out of trouble has no business anywhere near the CIA.

9 JULY 1982

Strike against Casey

CIA Director William J. Casey and the agency he directs have arrived at a ludicrous arrangement that supposedly will keep him from misusing his position to help his investment portfolio. Under the scheme, approved inexplicably by the Office of Government Ethics, Deputy CIA Director John McMahon will screen Casey's investments and preclude him from making a decision where there is a potential conflict of interest.

That's right. The deputy will tell his boss when not to make a decision — this in the super-secret CIA.

Casey has refused to sell stocks that pose conflict of interest problems or to put his holdings in a blind trust, the approach used in recent years by most wealthy high government officials. If Casey is so preoccupied with his stock portfolio, perhaps he should manage it full time and turn the CIA over to someone who doesn't need an assistant looking over his shoulder to keep him honest.

9 JULY 1982

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Casey's docile watchdogs

In pursuit of their patriotic cause, the signers of the Declaration of Independence pledged to it "our lives, our fortunes, and our sacred honor." But CIA Director William Casey is evidently unwilling to sacrifice a nickel of his considerable wealth for the sake of public service. Perhaps, as someone said of the descent from President Washington to President Grant, this disproves the theory of evolution. More likely, it merely illustrates the virulence of human greed, and the humane tolerance of the President for all its manifestations.

Mr. Casey, who was a wealthy lawyer before answering his country's call, has devised a unique scheme for handling his stock portfolio. Every other recent administration official with access to secret intelligence information has either put his holdings in a blind trust or sold some of them before taking office. The last two CIA directors, George Bush and Stansfield Turner, relied on blind trusts.

Mr. Casey has done neither. He did sell at least \$640,000 worth of oil company stocks shortly after taking office—though his aides insist he didn't rely on any secret CIA forecasts that oil stock prices were about to plummet, which they were.

Shunning a blind trust, Mr. Casey has retained complete control over his holdings. He supposedly

avoids potential conflicts by providing the deputy director and other subordinates with records of his stock transactions. They, along with the CIA general counsel, are then supposed to advise Mr. Casey when he should either excuse himself from making a decision or divest himself of some of his stock.

This raises some obvious problems. Mr. Casey's subordinates are not going to be terribly eager to tell him to butt out of critical decisions. (Imagine the boss's gratitude.) Even in the improbable event that his aides perform perfectly, the scheme prevents Mr. Casey only from making decisions that might somehow benefit the companies whose stock he owns. It doesn't prevent him from using the CIA's secret information in deciding which stocks to sell and which to buy. He has arranged things so he may occasionally miss out on a decision, but he'll probably never lose money.

If Mr. Casey cannot wholly divorce his personal interests from his public responsibility, then President Reagan should free him to tend to the former full-time instead of trying to balance them with running the CIA. Are memories so short that people have forgotten Mr. Reagan's predecessor's unfortunate association with an acquisitive fellow named Bert Lance?

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Approved For Release 2005/12/14 : CIA-RDP91-00901R000400100006-0

CHICAGO TRIBUNE

9 JULY 1982

CIA to keep its eye on Casey's portfolio of stocks, bonds

WASHINGTON (AP)—The CIA has established a "screening arrangement" to keep tabs on Director William Casey's stock transactions and to prevent him from official steps that would enhance his holdings.

The system allows Casey to buy or sell stocks at his discretion.

CIA officials said the new arrangement took effect May 28, after Casey reported selling more than \$600,000 in oil stocks in 1981, a year oil stock prices plummeted in response to a worldwide glut.

The CIA director is among a handful of top officials who have broad access to U.S. intelligence information, including secret estimates of world oil supplies. Casey is the only senior Reagan official with such access who neither set up a blind trust nor divested some holdings before taking office.

The new screening arrangement, which was approved by the Office of Government Ethics, requires that the deputy director and other senior CIA officials be furnished regularly with a list of Casey's stock transactions. Any of these officials who spots a potential conflict is to bring the matter to deputy director John McMahon, a career intelligence official.

McMAHON, in consultation with CIA general counsel Stanley Sporkin and his staff, will decide whether Casey should be excluded from making a decision.

Or they can tell Casey that one of his holdings will be affected by an upcoming decision and let him decide whether to divest the holding or to excuse himself from the matter.

Sporkin said he and McMahon would exclude Casey from decisions involving major holdings and offer him the choice

only when the holdings were very small. "I'm not going to let him get himself into trouble," Sporkin said.

Casey's predecessors, Stansfield Turner and George Bush, put their investments in blind trusts, which prevent an official from trading stock while in office.

Speaking for Casey, Sporkin said the decisions on Casey's 1981 oil stock sales were made entirely by Casey's investment adviser, Richard Cheswick, without any "direction by or consultation with Mr. Casey."

Casey sold about two-thirds of his oil holdings in 1981, with a net reduction in those stocks of between \$620,000 and \$1.4 million, according to his government financial disclosure statement.

The bulk of those sales came in his first four months at the CIA, after the stock prices had turned down but well before they hit bottom.

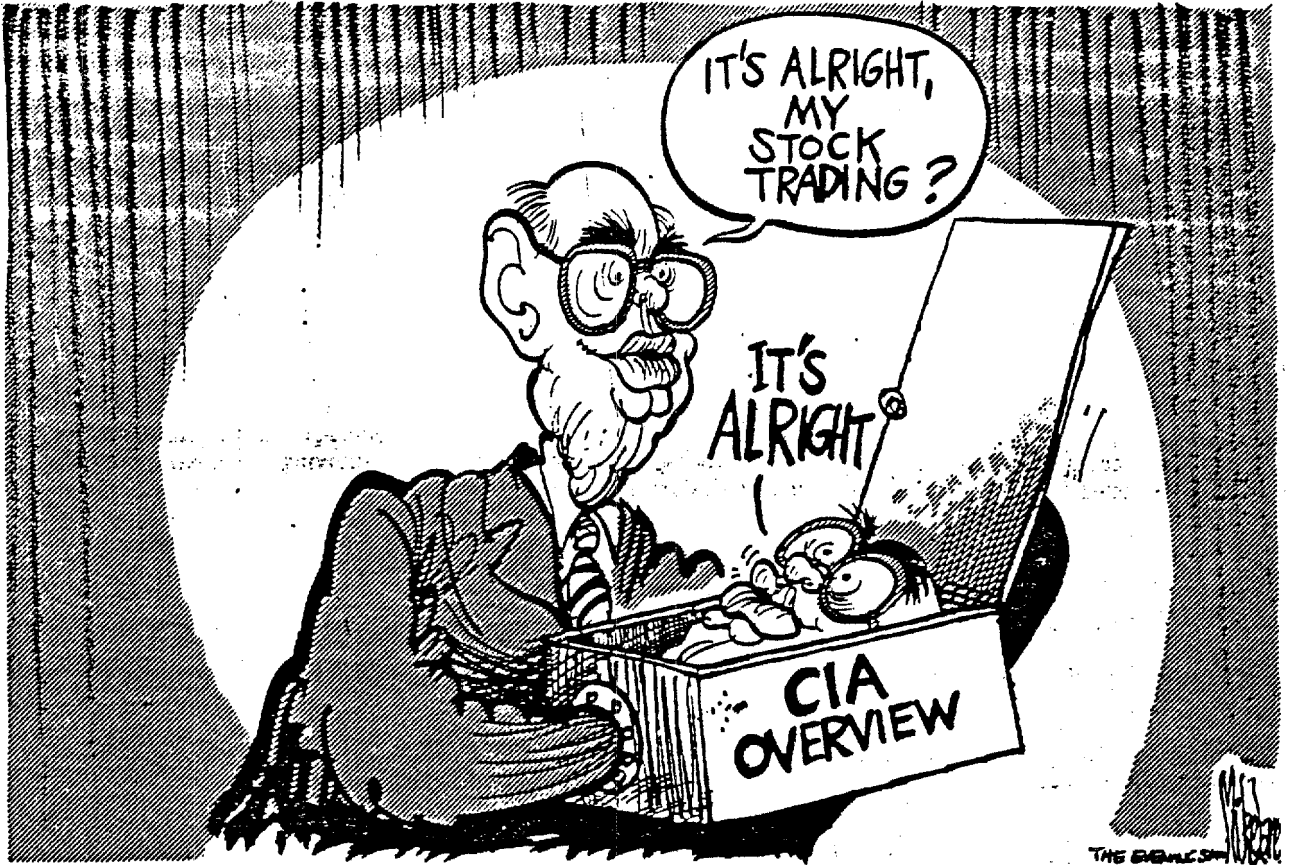
SPORKIN DISMISSED the possibility that information available to the CIA director might have influenced those stock sales. Sporkin said that if inside information had been used, the sales would have been much more "precipitous."

A Democrat on the Senate Intelligence Committee, who asked not to be identified, called the new screening system a "fig leaf" that would do little except waste the time of the CIA professionals who would monitor Casey's stock dealings.

And Bernhardt Wruble, a Washington attorney who headed the federal ethics office during the Carter administration, said the screening agreement is "not a terrible system, but there are some holes in it and it needs more work to make it effective."

THE BALTIMORE EVENING SUN
9 July 1982

... AND, NOW, THE AMAZING MR. CASEY AND HIS
TALKING HEAD IN A BOX !!!!!



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In an interview, Mr. Sporkin dismissed the possibility that information available to the CIA director might have influenced those stock sales. Mr. Sporkin said that if insider information had been used, the sales would have been much more "precipitous."

Last year, Mr. Sporkin said Mr. Casey's long-standing agreement with Mr. Cheswick provided sufficient protection against conflicts of interest because it gave the adviser discretion to buy or sell stock without consulting Mr. Casey.

He said that under both the old and new systems, Mr. Casey could order his broker to buy or sell stock.

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Bernhardt K. Wruble, a Washington attorney who headed the federal ethics office during the Carter administration, said the screening agreement is "not a terrible system, but there are some holes in it and it needs more work to make it effective."

Mr. Wruble said the policy needed written standards to define what a conflict of interest was. "You need more than somebody's hip-shoot, gut response," he said. "If there are no guidelines, then it is just mush."

He said the system would probably help avoid favoritism in the award of CIA procurement contracts, but suggested it might be less effective in dealing with CIA covert actions in areas of Mr. Casey's investment.

For instance, he asked, would the CIA consider it a conflict for Mr. Casey to approve a covert action in Kuwait if he owned 5,000 shares of stock in a company with 20 percent of its income from Kuwait operations?

Mr. Sporkin said the screening arrangement would apply to covert actions, but he added "it would be highly unlikely anything like that could" affect his holdings. Mr. Sporkin also said there were no written guidelines for judging when a covert action might pose a conflict problem.

"I wonder if Sporkin, when he was heading the Securities and Exchange Commission's enforcement section, would have accepted the word of a house counsel for a brokerage firm he was investigating that everything would be all right," Mr. Wruble asked.

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WASHINGTON TIMES
8 JULY 1982

CIA screening panel keeps watch on director's stock market trading

Associated Press

The CIA has established a "screening arrangement" to keep tabs on Director William J. Casey's stock transactions and prevent him from official steps that would enhance his holdings.

The new system still allows Casey to buy or sell stocks at his discretion.

CIA officials said the new arrangement took effect May 28, after Casey reported selling more than \$600,000 in oil stocks in 1981, a year oil stock prices plummeted in response to a worldwide glut.

The CIA director is among a handful of top officials with broad access to U.S. intelligence information, including secret estimates of world oil supplies. Casey is the only senior Reagan official with such access who neither set up a blind trust nor divested some of his holdings before taking office.

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The bulk of those sales came in his first four months at the CIA, after the stock prices had turned down but well before they hit bottom.

Sporkin described the new screening system "as good or better than a blind trust under the circumstances." He noted that Casey must disclose annually each of his stock trades, something he need not do with a blind trust.

But some senators and a Carter administration ethics adviser contend the new system provides little protection against the CIA director's misusing information for personal gain.

A Democrat on the Senate Intelligence Committee, who asked not to be identified, called the new screening system a "fig leaf" that would do little except waste the time of the CIA professionals who would monitor Casey's stock dealings.

Bernhardt K. Wruble, a Washington attorney who headed the federal ethics office during the Carter administration, said the screening agreement is "not a terrible system, but there are some holes in it and it needs more work to make it effective."

CIA screening chief's investments

United Press International

WASHINGTON - The CIA is "screening" the investments of its multimillionaire director, William Casey, to make sure they do not cause new controversy, it was disclosed yesterday.

The CIA took the unusual step because Casey, 69, came under fire last year for not fully and accurately disclosing his business and legal affairs, as required for confirmation by the Senate, and for not putting his stock holdings in a blind trust.

The Senate Intelligence Committee reported on Dec. 2 after a four-month review that "no basis has been found for concluding that Mr. Casey is unfit to hold office as director of central intelligence."

But an Administration source said the CIA now is keeping an eye on Casey's financial dealings "so nothing untoward can happen again."

"What has happened is this," a CIA spokesman said. "There has been a new type of screening arrangement where there is prior review [of proposed transactions by Casey] by the Office of General Counsel and the deputy director for central intelligence for a possible disqualification of the director of central intelligence as an investment participant."

The deputy director is John McMahon, a veteran intelligence professional who replaced Adm. Bobby Ray Inman in March when Inman resigned.

Casey, who has served as chairman of the Securities and Exchange Commission, president of the Export-Import Bank and undersecretary of state for economic affairs in previous Administrations, left a lucrative law and business practice to manage Ronald Reagan's 1980 campaign.

He currently oversees all US intelligence operations.

Casey first came under scrutiny for his appointment of Max Hugel, a Reagan campaign aide, to the post of head of CIA covert operations. Hugel resigned under pressure July 15, 1981, after allegations that he had engaged in stock manipulations.

The Senate committee then began to investigate Casey's financial disclosures. After calling in a confident Casey - "It's going to be a cakewalk" - and questioning him for five hours, the panel said in a statement:

"Based upon the staff review to date and Mr. Casey's lengthy testi-

mony, it is the unanimous judgment of the committee that no basis has been found for concluding that Mr. Casey is unfit to serve as director of central intelligence."

The report noted that Casey's original disclosure statement "omitted at least nine investments valued at more than a quarter of a million dollars, personal debts and contingent liabilities of nearly \$500,000, a number of corporations or foundations on whose boards Mr. Casey served, four civil lawsuits in which he was involved in the last five years and more than 70 clients he had represented in private practice in the last five years."

Screening System Is Set For Casey Stock Deals

WASHINGTON, July 7 (AP) — The Central Intelligence Agency has established a "screening arrangement" to keep track of the stock transactions of William J. Casey, the Director of Central Intelligence, and to prevent him from taking official steps that would enhance his holdings.

The new system still allows Mr. Casey to buy and sell stocks at his discretion.

Agency officials said the arrangement took effect May 28 after Mr. Casey reported selling more than \$600,000 in oil stocks in 1981, a year oil stock prices dropped greatly because of a worldwide glut of oil.

The Director is among a handful of top officials with broad access to American intelligence information, including secret estimates of world oil supplies. Mr. Casey is the only senior Reagan Administration official with such access who had neither set up a blind trust nor divested some of his holdings before taking office.

The screening arrangement, which was approved by the Office of Government Ethics, requires that John McMahon, who is the Deputy Director, and other senior intelligence agency officials be regularly furnished a list of Mr. Casey's stock transactions.

Any of these officials who sees a potential conflict is to tell Mr. McMahon, who in consultation with the agency's general counsel, Stanley Sporkin, will decide what action to take.

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ON PAGE A-1 Approved For Release 2005/12/14 : CIA-RDP91-00901R000400100006-0THE WALL STREET JOURNAL
8 JULY 1982

The CIA director's stock trades are being screened to prevent him from official steps to enhance his holdings, the agency said. It said the arrangement took effect May 28, after William Casey reported selling more than \$600,000 in oil stocks in 1981. He has access to secret data on world oil supplies.

8 JULY 1982

CIA Establishes System to Monitor Casey's Stock Deals

Associated Press

The CIA has established a "screening arrangement" to keep tabs on Director William J. Casey's stock transactions and prevent him from official steps that would enhance his holdings.

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McMahon, in consultation with CIA general counsel Stanley Sporkin and his staff, will decide whether Casey should be excluded from making a decision.

They also can tell Casey that one of his holdings will be affected by an upcoming decision and let him decide whether to divest the holding or to excuse himself from the matter.

Sporkin said he and McMahon would exclude Casey from any decisions involving major holdings and offer him the choice only when the holdings were very small. "I'm not going to let him get himself into trouble," Sporkin said.

Casey's two predecessors at the CIA—Stansfield Turner and George Bush—put their investments in blind trusts, which prevent an official from trading stock while in office.

8 JULY 1982

CIA to monitor Casey's stock deals to avert any conflicts of interest

By Michael J. Sniffen
Associated Press

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Wruble said the policy needed written standards to define what a conflict of interest would entail. "You need more than somebody's hip-shoot, gut response," Wruble said. "If there are no guidelines, then it is just mush."

Rob Simmons, staff director of the Senate Intelligence Committee, said that he doubted that Casey would misuse information for private gain but that some committee members still wanted him to put his holdings in a blind trust. He said Casey's refusal to take that step was "a source of irritation" to several members of the committee, which last year investigated Casey's past business practices and found him, in notably lukewarm language, "not unfit to serve" as head of the spy agency.



William J. Casey
Director of CIA

U.S. paying the price for spy folly

President Reagan has insisted twice that the administration was caught completely off guard by Israel's massive invasion of Lebanon on June 6. If so, there ought to be more than a few red faces at the Central Intelligence Agency.

If ~~the CIA~~ cannot detect the telltale signs of an imminent invasion involving tens of thousands of massed Israeli troops, a partial call-up of reservists, and the movement of several thousand tanks, armored vehicles, artillery pieces and hundreds of aircraft, something is seriously wrong with America's intelligence community.

And, in fact, something is wrong. This most recent failure of intelligence — made all the more inexcusable by the fact that Israel is an open society and a de facto ally of the United States — is but the latest in a dismal series. Six months ago, the administration was caught similarly unaware by a declaration of martial law in Poland that had obviously been planned months in advance.

In December 1979, the Carter administration was totally surprised by the Soviet invasion of Afghanistan — an act of premeditated aggression carried out by five Soviet army divisions and requiring a lengthy mobilization along the Soviet-Afghan frontier. And a year before that, the CIA had remained blissfully ignorant of the revolutionary storm that would shortly depose America's closest ally in the strategically vital Persian Gulf region.

It is hardly a coincidence that these glaring intelligence lapses followed closely on the heels of the Carter administration's decision to de-emphasize the collection of so-called "human-source"

intelligence, known in the trade as HUMINT.

Carter's CIA director, Adm. Stansfield Turner, dutifully purged the agency's HUMINT branch by summarily dismissing more than 800 senior intelligence officers responsible for managing the clandestine collection of intelligence in foreign countries.

The staggering damage inflicted by these wholesale firings has never been repaired, and probably cannot be made good for years to come. Nor have the resulting intelligence gaps been filled, as anticipated, by such electronic intelligence-gathering means as photo reconnaissance from satellites and aircraft and the monitoring of radio transmissions.

One example in particular suggests the terrible cost of the Carter-Turner purge. It has been reliably reported that a full year after the Soviet invasion of Afghanistan, not one CIA officer in that country could speak Russian! The thought of an agency case officer attempting to recruit Soviet agents through a translator would be laughable were it not so pathetic.

Last month, President Reagan went to CIA headquarters in Langley, Va., to sign legislation making it a crime to knowingly reveal the identity of a clandestine American agent. Reagan assured the assembled CIA employees that they were on the "winning side" in the East-West struggle.

The president and his CIA director, William Casey, could lend added credence to that prediction by redoubling efforts to rebuild the still-shattered clandestine service.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM Mutual News STATION WGMS Radio
Mutual Network

DATE July 7, 1982 5:00 PM CITY Washington, DC

SUBJECT CIA Screening Process

FRNAK GENTRY: Many people who take top jobs with the federal government face a problem with their investments. Today the CIA announced a screening process to make sure Director William Casey doesn't cause more trouble in his stock transactions.

Washington attorney Bernhart Ruble [?] used to head the Federal Ethics Office.

BERNHART RUBLE: One of the problems is, and it is something that really has to be addressed government-wide, that has special applications [with] respect to the CIA, is that the standards by which it is determined whether or not the director has a conflict, in the first place, has in no way been articulated.

GENTRY: Washington attorney Bernhart Ruble told Mutual News any screening process will be ineffective as long as the guidelines remain loose.

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NEW YORK TIMES
5 JULY 1982

Q&A | Bobby R. Inman

Assessing Government's Approach to Intelligence

Special to The New York Times

WASHINGTON, July 4 — Adm. Bobby R. Inman startled Washington in April when he announced his intention to resign as the Deputy Director of Central Intelligence. He said he wanted to go into private business, but associates asserted that the real reasons for his departure were policy differences with the Reagan Administration and mounting frustration over dealing with the White House National Security Council staff. His retirement from the Government and the Navy complete, Mr. Inman sat down last week to discuss intelligence issues.

Q. Is the Reagan Administration using intelligence information as a neutral basis for foreign policy formulation, or, as some critics have charged, is it twisting intelligence data to justify policies?

A. It's been very rare in my experience when an Administration makes an effort to deliberately twist the intelligence to support policy, but there have been efforts over the years to force us to say more than the intelligence professionals believe is safe in terms of protecting sources and methods. I believed we found the proper balance earlier this year on the issue of Cuban and Soviet involvement in Central America. The debate was not with the intelligence but with the policy. I don't believe that the Cuban and Soviet threats were being exaggerated. For years we had a minimal effort dedicated to Central America and did not detect in a timely way the commencement of the training of prospective guerrillas in Cuba. We were slow to recognize the breadth of insurgencies that we were going to face. When we finally accumulated a large body of raw data, and understood the scope of Cuban activity clearly undertaken with full Soviet support, there was a tendency to react with shock. That may well have come across as overreaction. The language used to describe Cuban activity may have been a little more shrill than it would have been had we detected the activity from the outset.

Q. How has the Reagan Administration changed priorities in intelligence collection and analysis?

A. Early in the Reagan Administration, increased emphasis was placed on gaining a knowledge of events in Central America and the Caribbean, the causes of terrorism and the problem of the transfer of American technology to the Soviets and Communist bloc. Over a longer period of time, there's been a focus on improving knowledge across the third world.

Q. Has the Reagan Administration placed a greater reliance on the use of covert operations than recent administrations?

A. I know of no way that I can talk sensibly in public about specific covert operations. By their nature, there is nothing unclassified about them. I believe historians would agree that every administration ultimately turns to the use of covert operations when they become frustrated about the lack of success with diplomatic initiatives and are unwilling to use military force. Some may begin by being more eager than others. I wouldn't care to characterize any of the administrations I've watched. In the long years of drawing down intelligence capabilities, we almost completely dismantled the nation's capacity to conduct covert operations. The impression that we're running around the world conducting covert operations is plain false. I would add that concern about the extent of covert operations is not just found in Congress. It's also found in substantial depth among intelligence professionals. They are overwhelmingly concerned about the quality of this country's foreign intelligence, and they worry that covert operations, especially when they are exposed and criticized, impact adversely on the more important job of foreign intelligence collection and analysis.

Q. When the Carter Administration negotiated the second strategic arms limitation treaty with the Soviet Union, opponents said the United States lacked the ability to verify such agreements. Is that true?

A. We have tried over the last decade to improve the nation's ability to verify arms control treaties. There was valid criticism in Congress that the resulting capability was thin. The requirements for verification with respect to the SALT II treaties were substantial but not overwhelming. A more complex treaty will place substantial additional bur-

dens on verification. There are several ways to deal with that. There are, for instance, forms of on-site inspection that would increase verification capabilities, but if you insist on absolute certainty, if you insist on the capacity to detect every violation, you'll never have an arms control process. You have to take some risks. The key is being confident that you will detect any serious cheating.

Q. What is the state of United States intelligence capabilities?

A. The United States intelligence community, as currently structured and manned, is marginally capable to deal with the world of the late 1980's and 90's. That judgment is shaped by my view that this country's primary problems in that period will be found in the competition for raw materials, natural resources, and markets in an unstable world with the potential for minor conflicts that could escalate in areas where we now have little or no intelligence effort. I do not believe we can do less than we are doing against our principal adversaries, and there are areas where that effort isn't as good as it should be, specifically intelligence on economic and political developments in the Soviet Union. The major strengths of our system involve military matters. Our major weaknesses include a minimal effort both in collection and analysis about many of the non-Communist countries. We lack the encyclopedic effort that will let us understand trends before we get to the level of a crisis.

Q. Over recent decades, there has been an increasing reliance on electronic and other technical means of collecting intelligence. Has the resulting neglect of human sources damaged overall collection capabilities and quality?

A. A myth has grown up from statements of some officials that we are too dependent on technical collection. There was a period of time when decision makers believed that satellite photography was going to answer all our needs. We're all a little wiser now. No analyst should be left dependent on a single means of acquiring intelligence. Human collection runs the risk of relying on someone who wants to be paid for it. Technical collection may leave you without access to cer-

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COLUMBIA JOURNALISM REVIEW
July/August 1982

The government s

The Reagan administration is stonewalled
on the intelligence beat
except, of course, when leaks serve

by JAY PETERZELL

The most rigorous paradox is Epimenides' confession "I am lying": if true, it is false; and if false, it is true.

The Reagan paradox is less rigorous but more troubling, at least to many reporters who cover foreign policy and other beats that frequently involve access to national security information. The paradox is that the Reagan administration has placed unprecedented restrictions on press access to intelligence information but is at least as willing as past administrations to use leaks and selective declassification to support its foreign policy. The result is that security-minded officials have released information — on Libyan threats to assassinate President Reagan, for example — that reveals intelligence sources and methods but which, like Epimenides, leaves us dizzy about the truth.

Attempts to use the press to influence policy are, of course, not limited to the intelligence community. But the CIA or the National Security Council differs from the U.S. Forest Service in that information obtained from the former often cannot be independently confirmed by reporters. It may come from an unreliable or unevaluated source; it may be a conclusion based on secret evidence that does not fully support it; it may have been released as part of an intelligence operation of which the press is unaware. As one *Washington Post* reporter who has "dealt fairly extensively with the CIA" put it, intelligence information is difficult for journalists because "it is less exposed to the cut and thrust of public dialogue about its accuracy and its origin, and it's not so readily accessible to checks on its authenticity."

The Libyan hit-squad story is a good case in point. On October 8, 1981, the *New York Post* carried a "Jack Anderson Exclusive" reporting that the National Security Agency had intercepted a phone call between Libya and Ethiopia shortly after the U.S. shot down two Libyan jets over the Gulf of Sidra last August. During the phone call, Libyan leader Muammar Qaddafi threatened to have Reagan assassinated.

"It was not an adverse leak [i.e. it was not hostile to the administration]," Anderson associate Dale Van Atta recalled. "The source was an NSA source." The story was also covered by *Newsweek* and *NBC Magazine*; then it disappeared.

On November 23, *Newsweek* breathed new life into the story after State Department correspondent John Walcott learned that officials now thought Qaddafi had dispatched death squads, armed with bazookas, grenade launchers, and SAM-7 missiles, that were gunning for Reagan and other top U.S. officials. For the next three weeks the press was filled with lurid accounts of countersniper teams on the White House roof, nationwide searches for assassination squads, and even the involvement of the dread Venezuelan terrorist "Carlos." The source of the government reports was later learned to be a former Lebanese terrorist who walked into an American embassy in mid-November and claimed to have heard Qaddafi give the "kill" order the preceding month.

It was on December 6, only a few hours after Qaddafi had dismissed the reports as "big lies," that the State Department for the first time went on record as saying that "we have strong evidence that Qaddafi has been plotting the murder of American officials. . . ." The next day Reagan added: "We have the evidence and [Qaddafi] knows it." On December 10, the president called on some 2,000 U.S. oil company employees and other Americans to leave Libya — a request the administration had made repeatedly and unsuccessfully over the past year to clear the way for economic and military actions reportedly designed to culminate in Qaddafi's downfall.

As soon as most Americans had reluctantly agreed to leave Libya, the hit-squad threat evaporated. "The risk is diminished some," Senate majority leader Howard Baker told *The Washington Post* on December 16. FBI Director William Webster, who had been skeptical all along, said in January that as far as he could tell no Libyan assassins had ever entered the United States. Evidence presented at Anderson's hearing during the height of the crisis "got flimsier and flimsier," a member of the Senate Intelligence