

PITTSBURGH PRESS  
30 September 1981

# Let's Curb Former CIA Agents

By MARY O'HARA

They are a little late getting around to it but the Central Intelligence Agency and its oversight sentinels in Congress are finally working on methods to prevent former U.S. agents from selling arms and expertise to international terrorists.

For five years the United States has been trying to build a case against former agents Edwin P. Wilson and Francis E. Terpil. At every turn there have been legal hurdles, making the law work for two despicable characters who are now fugitives.



MISS O'HARA

A federal grand jury indicted them in April 1980 for various alleged violations resulting from their shipments of high explosives, delay-action timers, sensitive night-vision equipment and commando-training programs to Libya.

The case includes a charge that Wilson and Terpil attempted to carry out a \$1-million assassination contract against a critic of Libya's Moammar Khadafy.

It's scary to realize that sensitive government secrets were entrusted to Wilson and Terpil.

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ANOTHER DISTURBING element has come to light as both the House and the Senate move to clamp down on former CIA agents and their activities abroad.

Former CIA Deputy Director Vernon Walters said in an interview last week that there's "no way" to bar retired intelligence officials from doing business abroad without restricting the individual's freedom.

Mr. Walters, a retired general as well and now ambassador-at-large in the U.S. State Department, admitted he was paid \$300,000 this year by a company that specializes in selling sophisticated military technology to foreign countries.

The \$2-billion annual trade in U.S. weapons technology abroad has lured former CIA agents to cash in on their expertise and contacts.

CIA officials have told some key members of Congress that their lawyers are redrafting the agency's employment contract to include prohibitions against the sale of trade crafts to hostile foreign governments or terrorist organizations.

Sen. Lloyd M. Bentsen of Texas has introduced a bill closing a loophole that has left the government powerless to prosecute Americans who help terrorists.

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CIA AGENTS have been accused of many wicked acts, particularly by the Soviets, who have even charged them with contaminating Cuban wells with dengue-fever germs. The agents have also been caught napping in sensitive posts such as Iran.

But nothing can match in viciousness the deeds which some of its own notorious former agents have committed against the CIA and the United States.

The agency needs a complete overhaul but it's already obvious that William Casey isn't the director to do it.

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## Who keeps tabs on the spies?

Throughout United States history there has always been an uneasy tension between those persons who have sought to protect national security and state secrets and civil libertarians who favored maximum freedom of speech and the absolute accountability of public officials. Sometimes the tension has equalized itself out. All too often, however, there have been periods of excess when the hand of authority was used to stifle dissent, as in the case of the Wilson administration during World War I when it vigorously sought to jail "subversives" and Congress enacted the Espionage and Sedition acts.

While the present period obviously represents nothing like the drama of those years, there is a certain mood in the land which, unless carefully controlled, could invite a return to the kind of secrecy and lack of accountability that often marked government before the Watergate-era reforms of the mid-1970s. Efforts are currently underway to so shroud US intelligence agencies in a privileged shield of secrecy as to make such agencies virtually unanswerable to the inquiries of a free press or a critical public. Two recent manifestations of this trend are noteworthy:

1. The House last week enacted a measure that would make it a crime for private citizens to disclose the identity of a US intelligence agent, even if the information came from public sources. Lawmakers have sought such a measure for the past five years after a CIA station chief in Athens was assassinated following publication of his name.

2. CIA chief William Casey is urging Congress to exempt national intelligence agencies from the Freedom of Information Act, which allows private citizens (including journalists) the right to petition government agencies for nonclassified information.

Admittedly there is something to be said on behalf of both moves. Identifying names of secret agents is reprehensible. The press, for its part, must exercise the highest degree of responsibility and professionalism in national security matters.

What is worrisome, however, is that the way the House bill has been drafted could prevent the disclosure of abuses by intelligence agencies. The measure says that a person, including a journalist, would be criminally liable if he or she had "reason to believe" that disclosure of the agent's identity would harm national security interests. This was a change from a more restrictive House Intelligence Committee version that said criminal liability would result if the person doing the disclosing had specific "intent to impair or impede the foreign intelligence activities of the United States."

The Senate should reject the House phrasing and adopt the stricter-intent requirement. The fact is that in recent years there have been disclosures of a number of cases where federal officials and intelligence officials have misused their authority and violated the law. Would the public be better served for not having had the abuses come to light, or even letting the persons involved continue in their wrongdoing? The House bill invites coverups based on "national security" allegations.

As for totally excluding the CIA and other intelligence agencies from the Freedom of Information Act, such a step would be injurious to the public. The Freedom of Information Act already excludes the release of a broad range of classified information. To exempt a spy agency entirely from any measure of accountability is to make that agency in a sense the master of the public.

For lawmakers and the Reagan administration, the delicately balanced goal must be to protect US agents and spy agencies — as well as the public and nation they are called upon to serve.

ARTICLE APPEARED  
ON PAGE 15CHICAGO TRIBUNE  
28 September 1981

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# Too bad life isn't a cakewalk

By William Safire

"THIS IS NO cakewalk," said Transportation Secretary Drew Lewis about the air-controllers' strike. He was using a word that has come into sudden popularity in Washington.

When Director of Central Intelligence (not "CIA Director") William Casey went to Capitol Hill to extinguish a firestorm of criticism, he used three figures of speech in rapid succession: "The bottom of the barrel has been reached," he said. "My life is an open book. This is going to be a cakewalk."

The first two are clichés, but the third is a delicious Americanism that had become a rarity until Casey rescued it. Far from being current spookspeak, it finds its roots in the Civil War: Richard Thornton's "American Glossary" defined it as "a walking competition among Negroes, in which the couple who put on most style 'take the cake.'"

The high-stepping "cake-walk" soon attracted musical accompaniment: The walk became a dance, and the word was immortalized in Claude Debussy's "Golliwog's Cake Walk."

Soon the phrase came to mean "generally stylish"—Mark Twain called a Shelley biography "a literary cakewalk." By the turn of the century, the cakewalk—one word—was a stage

*William Safire writes a column on language for The New York Times.*

dance, drawing on the fancy walking of the previous generation, as well as a mechanized promenade in amusement parks.

At some point, it became allied with something easy to do or a pleasure to perform. A cakewalker was someone having a good time; this was not to be confused with a "cake eater," or effeminate man, that derogation based on the preference of he-men for old-fashioned pies over fancy cakes.

WHILE ALL this was going on in the United States, the British were using a similar expression to denote ease of accomplishment: "A piece of cake," along with "cakewalk," were expressions used by Royal Air Force pilots to describe missions against weak defenses.

The British probably derived "piece of cake" from "cakewalk"; then the Americans of this generation dropped "cakewalk" and adopted the Britishism "piece of cake"—that is, until Bill Casey revived the earlier term to describe what he was sure would be an easy time before a Senate committee. That's how the language refreshes itself; nothin' to it.

In that secret "cakewalk" session of the Senate Intelligence Committee, William Roth (R., Del.) told Casey: "The Director of Central Intelligence must be like Caesar's wife—clean as a hound's tooth." The mixed metaphor drew a laugh in the committee room, and Casey waxed Roth with an apt: "In Washington, it's easier to be cleaner than a hound's tooth than it is to be above suspicion."

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U.S. NEWS & WORLD REPORT  
28 September 1981

# When CIA Spies Come In From the Cold—

Headlines are focused on mavericks who train terrorists, spy for hostile powers, leak vital secrets. But the vast majority of former agents exploit their unique expertise for different purposes.

When an American spy ends his cloak-and-dagger work for Uncle Sam, his life in the shadows may not be over.

A few maverick ex-agents have continued to lead the covert life even after "coming in from the cold." Often operating outside the law, these onetime spies cash in on clandestine skills honed—and secrets learned—as government agents. Sometimes earning millions of dollars, they move in a mysterious, violent world of guns, explosives, criminals and foreign agents.

Two former operatives of the Central Intelligence Agency are accused of masterminding a terrorist training school for Libya's Muammar Qadhafi and supplying him with explosives and technical expertise. A third has been convicted of selling secrets to Russia—the only known case of a double agent in the agency's 34-year history. Some former CIA contract agents, free-lance operators who undertake specific contracts from the agency, have been arrested on drug-smuggling charges.

While only a relative few become outlaws, these nonetheless have caused headaches for the vast majority of ex-spies who go into legitimate work. As a result, sentiment is building for tighter restraints on all former agents.

Experts agree that those who resort to questionable activities are rare among the thousands of CIA operatives who quit the agency during the 1970s because of purges, scandals and disillusionment. Yet the pressures that can create a rogue are felt by all. Foremost is the difficulty of making a new life after a career spent spying, often in exotic places and sometimes amid great danger. Some say it is an addictive combination.

There are other problems. Many potential employers are sensitive to public hostility toward the espionage trade and worry about any CIA ties that may remain. Many agents, especially those who have spent a long time spying, lack readily marketable job skills in the business world. And some spies simply find themselves suited for no other work. For them, covert activity has become not just a job, but a way of life.

For a look at what spies do after leaving the government, *U.S. News & World Report* has focused on a score of ex-agents who have entered private life in recent years. While most are respected businessmen, others operate on the wrong side of the law. Both are examined in this report.

## Global Terrorism: Making It Pay

A few former agents have turned to selling covert skills to

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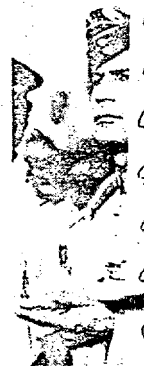
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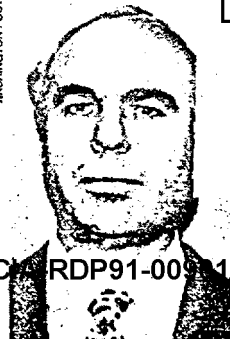
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WASHINGTON POST



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NEWSWEEK  
28 September 1981

## The U.S. Vs. William

Early this month, Attorney General William French Smith revoked Carter Administration guidelines that limited legal recourse against current or former government employees who publish information about intelligence work without clearing it with the government first. Smith obviously meant business: NEWSWEEK learned last week that the Justice Department plans to sue former CIA director William E. Colby for publishing his memoir, "Honorable Men," without clearing all editions with his former employer. Justice officials said the Colby case did not portend a barrage of lawsuits against leakers of sensitive infor-

able to or critical of the government involved will be a factor to sue," he said. Government sources said, puzzled with a consent forcing the former over some profits of government.

The Colby case is the Reagan Administration's first major leak of information. It was learned that the Justice Department has ordered several investigations of national-security breaches involving the disclosure of State Department policy papers on

southern Africa, the removal of MX-missile studies from the Pentagon and the acquisition by NBC's Marvin Kalb of position papers on Pakistan. Similarly, CIA director William J. Casey has asked for a special FBI team to conduct an internal investigation of agency leaks—a request the bureau has rejected because its top officials do not believe that the FBI should be working for the agency.

**Irritated:** Less sensitive leaks are "more of an annoyance," says Presidential Counselor Edwin Meese, but the White House is tracking them as well. After The New York Times suggested in June that Reagan was willing to compromise on his tax bill, irritated aides checked Secret Service computer logs to learn which officials the reporter had seen. The leak was traced to budget director David Stockman. Stockman's job isn't in danger, but it is the chilling prospect of being found out—and possibly fired—that keeps most potential leakers in line.

Intimidation may be the best weapon against leakers simply because it is so difficult to prosecute them. Federal

law prohibits the unauthorized dissemination of national-security information, but the statutes are "so vague as to be virtually worthless," says a former CIA official. Defendants also can resort to "graymail," forcing the government to disclose even more sensitive information so that a jury can decide the relative importance of the leaked material.

Given the legal and practical pitfalls, the Administration is searching for more effective ways to stop leaks: not passing some information to leak-prone departments and routinely collecting important briefing books after meetings. Attorney General Smith's new edict on unauthorized publication of sensitive information may help to stop leaks of less sensitive material but may simply be beyond control.



Colby: His loyalty to the CIA isn't at issue

mation; the idea was to send a message that the Administration would not tolerate breaches of the legal contracts between government workers and their employer.

The Colby case was also designed to "get at the heart of the question of whether we deal only with the little fish," said a senior Administration official. Colby's alleged breach of security occurred in 1978 when galley proofs of his book reached a French publisher before the CIA could demand that its former chief delete certain passages. In those passages, Colby revealed that the CIA spy ship Glomar Explorer had failed in its attempt to recover nuclear missiles, steering and transmission devices and codes from a Russian submarine three miles be-

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CHICAGO TRIBUNE  
27 September 1981

# Khaddafy: 'The CIA is out to get me'

In his first interview since the midair confrontation Aug. 19 between Libyan aircraft and fighters of the American 6th Fleet over the Gulf of Sidra, Libyan leader Moammar Khaddafy tells the West German news magazine, *Der Spiegel*, how he plans to deal with "American imperialism." He asserts that the CIA was behind a recent alleged assassination attempt against him, and calls President Reagan "an unsuccessful, third-rate actor."

**Der Spiegel**—Colonel Khaddafy, in the West, especially in America, you are regarded as the most dangerous man in the world. Do you think that is justified?

Khaddafy—It depends on what you mean by dangerous.

**Q**—What the Americans mean by that is really dangerous. They are convinced that you, next to the Russians, are the worst evildoer of all and the one who is behind all the uproar, especially here in Africa. On top of that is the fact that you have threatened to attack American bases in the Mediterranean, even at the risk of unleashing an international catastrophe and a third world war, if the American 6th Fleet once again enters the Gulf of Sidra off the Libyan coast.

**A**—I can tell you why America calls me the most dangerous man. It is part of the political and psychological preparations for the conquest of Libya. America intends to attack Libya and bring it under its domination again.

**Q**—So you don't believe that in Reagan's scenario you are merely the bad cowboy with the black hat? You really seriously maintain that the Americans intend to attack and conquer Libya?

**A**—That is my opinion.

**Q**—This is a very grave allegation. How do you visualize the conquest of Libya taking place?

**A**—There are various methods, but they all have the same aim of subduing Libya and incorporating it in the American sphere of influence again. To do this, a direct occupation of the country with troops is not necessary. It is enough to overthrow the revolutionary regime and replace it with another pro-American regime. That is one method of American imperialism and that is what I meant when I spoke of America's plans for conquest.

**Q**—Is that what you were thinking of in the recent speech in which you spoke of an attempt to poison you?

**A**—Of course, the Americans were behind that. To attain their ends they must get rid of me. This base plot, worked out by the American president with his CIA, to get me out of the way, was a further step in the direction of getting Libya into their hands.

**Q**—It is a fact that the American press early in August reported an operational plan of the CIA aimed at removing you from office. This plan was said to have been proposed before the Select Committee on Intelligence, after it had been approved by CIA chief (William) Casey and the crisis-management team of the White House. Members of the committee are said to have sent an indignant protest to Ronald Reagan because it appeared to them that your assassination was planned. However, they know about all this?

**A**—The signs only became clear to me afterward. Shortly before these plans were disclosed, many American visitors came to me, as journalists, as businessmen, as politicians. They all suddenly found they had a great interest in speaking to me. Only later did I discover that this was all organized by the CIA with the purpose of discovering my daily living habits, where I sleep, where I eat, what I do.

I also had tips from America, from friends of Arab origin who have become American citizens and who perhaps have worked more or less for the CIA or were supposed to be recruited by them. These persons had noticed that the CIA was becoming more active in the direction of Libya. They let me know that information had been obtained about my eating habits. They warned me that I should have all food and drink tested.

I did not take these reports seriously at the time because I did not think that America would pursue such a base plot with the participation of its president.

The campaign against me and against my policy became stronger. I was said to be behind every act of terrorism and responsible for all evil deeds that happened in the world. When they saw that they were not getting very far with their plan to poison me, they suddenly decided to close our People's Bureau (embassy) in Washington, ordered the personnel to leave the country, and broke with us completely. Following that, they tried to slip one across me in the Sidra.

**Q**—That sounds to our ears, of course, like a cops and robbers story. But, unfortunately, one has to admit that the CIA plans for getting rid of Fidel Castro, the full details of which became known some years ago, also sounded like one. They planned to get Castro by using poisoned bootlaces or poisoned cigars.

**A**—Those are facts that cannot be denied. It is also a fact that they tried to kill me.

The CIA has Martin Luther King on its conscience; it has [Chilean leader Salvador] Allende on its conscience, it has [Congo's Patrice] Lumumba on its conscience. Why should they recoil from having me on their conscience?

**Q**—We cannot agree with that list, but a lot is possible in the CIA and that is something that worries even the American public. We in Europe, for our part, are equally shocked that you threatened to attack the American 6th Fleet if it turns up in the Gulf of Sidra again. Have you not lost all sense of proportion?

**A**—Nonsense. What I wanted to say was that some formations of this fleet carry atom bombs. If the Americans attack us in the Gulf of Sidra, I must reckon that they will also attack us with atom bombs.

In that case I have the right to defend my people and my country by attacking the NATO bases in southern Europe or the ships from which these atom bombers start before they can reach us. If we have the chance of destroying these bases or ships, we should do so.

**Q**—Are you really determined to attack American or NATO defense base in Greece, Italy, or Spain?

**A**—Understand me correctly. I did not say I wanted to attack Greece, Italy, or Spain. I said if I discover that an American attack is being made from these bases and I have the



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# The Nation

In Summary



C.I.A. director William J. Casey, on crutches because of a leg injury.

## A Bid to Insure Secret Agents Stay That Way

Though many would consider the disclosure of a secret agent's identity a crime, efforts to make it one have yet to succeed. But last week the House approved a bill that would send those convicted of betraying an operative to prison for up to 10 years, and passage of a similar measure in the Senate is considered likely.

Proponents had been pushing for such a measure for more than five years, after the Central Intelligence Agency station chief in Athens, Richard Welch, was assassinated following publication of his name, and the subsequent disclosure of other agents by a notorious former one, Philip Agee.

In moving from the House Intelligence Committee to the floor, however, the bill was expanded to cover not just those with an "intent" to harm the agency through such activities but those who merely "had reason to believe" they would, a category thought to include journalists. Wary of constitutional difficulties, Representative Edward P. Bowland, the committee chairman who originally had sought such a law, joined 55 other Democrats in opposing it.

Testifying before a Senate subcommittee the next day, William J. Casey, Director of Central Intelligence, asked Congress to go further and exempt the agency from the Freedom of Information Act. "There are inherent contradictions in applying a statute designed to secure openness in government to agencies whose work is necessarily secret," Mr. Casey said.

How open? How secret? The Justice Department was reported readying a suit last week against an ex-C.I.A. chief, William E. Colby, who failed to clear a European edition of his 1978 book about the agency, "Honorably Men," with the Government. Though no criminal charges are anticipated, Mr. Colby might be forced to share some of his royalties with his former employers.



## Personalities

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Even though Joanne King Herring was not at the opening of The Second Annual Afghan Fair last night — she was with her ailing husband — it was very much her evening. About 200 people gathered at the Youth for Understanding Grounds on Newark Street, NW, for the premiere of Herring's film, "Courage Is Our Weapon," a documentary about the Afghan refugees in Pakistan co-produced with Charles Fawcett. So powerful were the scenes of the Afghan suffering, many guests wept softly throughout the screening.

It was the sensitive side of the flamboyant Joanne Herring, loved but controversial in the social set both here in Washington and in Houston, where she lives with her husband, Bob, chairman of the board of the Houston Natural Gas Co. "This is the first film to capture the true mood of the Afghans," said Ejaz Azim, the ambassador of Pakistan, who has been in the United States eight weeks.

Before the film, the International Rescue Committee and the Afghanistan Relief Committee hosted a benefit dinner for the refugees, as well as a preview of this weekend's fair. Guests included CIA Director William Casey; Rep. Don Ritter (R-Pa.); former ambassador to Saudi Arabia Robert Neumann; former assistant secretary of state Harold Saunders; journalist and author Arnaud de Borchgrave; and American Federation of Teachers head Albert Shanker.



From left, Arnaud de Borchgrave, Rep. Don Ritter, William Casey & Charles Fawcett; by Lucian Perkins — The Washington Post



25 September 1981

# Exempt all spy agencies from FOI, Casey asks

Washington (AP)—CIA Director William J. Casey asked Congress yesterday to exempt all U.S. intelligence agencies from the federal Freedom of Information Act.

Mr. Casey told a Senate Judiciary subcommittee that the FOI law has seriously jeopardized U.S. relations with other nations and put the intelligence agency's network of covert agents "in jeopardy."

The law—which permits scholars, journalists and citizens to obtain information about government operations—"has never been an effective method for oversight of the intelligence community," Mr. Casey testified.

But Morton H. Halperin, a former official of the National Security Council, told the subcommittee that the CIA "is a better institution and . . . is more responsive to the dictates of the Constitution" because of the law.

Mr. Halperin, who testified on behalf of the American Civil Liberties Union, said the information act has brought public disclosure of valuable information about the CIA, including new revelations about the Bay of Pigs operations in the 1960s, use of mind-drug experiments and illegal surveillance of Americans.

Mr. Halperin now is director of the Center for National Security Studies, which publishes reports on intelligence abuses.

Senator Alfonse M. D'Amato (R, N.Y.) has introduced legislation to partially exempt the CIA and other intelligence agencies from FOI coverage.

But Mr. Casey, arguing that intelligence organizations should be free of all requirements of the act, said, "it has seriously impaired the operation of the intelli-

gence apparatus with no significant public benefit."

Since 1974, when Congress enacted provisions requiring CIA compliance with the law, the agency has handled 1,212 FOI requests at a cost of \$3 million, an effort that drew highly trained and experienced intelligence officers away from other work of greater importance, Mr. Casey said.

The 1974 provisions allow those seeking information to ask federal judges to reverse an agency refusal to meet a request. Mr. Casey conceded that only once in 198 cases has a judge overruled the CIA, and that case is on appeal.

But the CIA occasionally has let information that it should have kept secret "slip out accidentally," Mr. Casey said.

## CIA Chief Asks Exemption From Disclosure Law

United Press International

CIA Director William Casey said yesterday all U.S. intelligence agencies should be exempted from Freedom of Information Act requests, to end a growing fear that secrets are not safe in this country.

Processing requests under the law for secret records is an enormous burden and some classified information has been released inadvertently, Casey said.

But the greatest harm is an erosion of trust that has reduced cooperation of allies and dried up intelligence sources, he told the Senate judiciary subcommittee on the Constitution.

Because of uncertainties created by the information act's coverage, 15 friendly nations have notified the CIA that they no longer will share their intelligence with the United States, Casey said.

He said the National Security Agency, the Defense Intelligence Agency and the CIA should be exempted from having to receive and process requests for "intelligence records" and deciding if information should be released under the act.

Casey said that a number of bills being considered by the House and Senate would improve the situation, but that intelligence-gathering cannot be freed entirely of the stigma the act causes unless agencies are given a blanket exemption.

He insisted that congressional oversight is all the public needs to guard against official abuses.

Classified material has been released inadvertently, causing diplomatic embarrassment and risking lives, because deciding what must be disclosed under the FOIA is not fool-proof, Casey said.

A single FOIA request by former CIA agent Philip Agee cost \$325,000 in manpower and \$70,000 worth of computer time, Casey said.

The searches and reviews are especially costly to the CIA because they cannot be done by clerks but only by high-level officials, who have access to the information on a need-

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NEW YORK TIMES  
25 SEPTEMBER 1981

## Casey Urges Intelligence Agencies Be Exempt From Information Act

By DAVID SHRIBMAN  
Special to The New York Times

WASHINGTON, Sept. 24 — William J. Casey, the Director of Central Intelligence, recommended today that intelligence agencies be granted "total exclusion" from the provisions of the Freedom of Information Act.

Mr. Casey said that national security secrets had been released in the course of complying with the act, which permits the public to request documents detailing Government activities. He urged that all documents created or maintained by the Central Intelligence Agency, the National Security Agency and the Defense Intelligence Agency be exempted from the act.

Mr. Casey's remarks were made in testimony before the Senate Judiciary Committee's Constitution Subcommittee, which is considering adjustments in the act, and came a day after the House approved legislation making disclosure of the identity of American intelligence agents a Federal crime.

"There are inherent contradictions in applying a statute designed to assure openness in Government to agencies whose work is necessarily secret," the director testified. "This application has caused intelligence functions to be seriously impaired without significant public benefit."

### Data Unintentionally Released

Mr. Casey said the C.I.A. had unintentionally released "sensitive intelligence information" while complying with the act. Information that the agency provided to other Federal agencies has also been released in response to requests under the Freedom of Information Act, Mr. Casey said, and has caused "serious compromises of classified information." He refused to disclose details in public.

In later testimony, Ann Caracristi,

deputy director of the National Security Agency, said that several law clerks and other court personnel had handled top-secret documents while the courts decided whether an intelligence agency was justified in refusing to provide classified documents.

The subcommittee is considering legislation introduced by Senator Alfonse M. D'Amato, Republican of New York, that would exempt documents detailing the internal management of the intelligence agencies from the act and tighten exemptions covering covert operations.

Mr. Casey said foreign agents and intelligence sources regarded the Freedom of Information Act as "a threat to our country's ability to maintain the confidentiality of its intelligence sources," and added that the possibility of public disclosure had prompted 15 foreign agents to refuse to continue to cooperate with American intelligence officials or to restrict their flow of information in recent years.

He also said American intelligence officials spent 5 percent of their time reviewing information requests, locating records and determining what information could be released without jeopardizing the security of intelligence operations and personnel.

"We spend more time on responding to Freedom of Information Act requests than we are able to spend on some intelligence problems of the highest order," Mr. Casey said, adding that compliance with the act cost the agency about \$3 million a year.

Requests from Philip Agee, a former C.I.A. agent who has publicized many of the agency's activities, cost \$325,000 in personnel time and \$70,000 in computer time, Mr. Casey said.

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ARTICLE APPEARED  
ON PAGE 1WALL STREET JOURNAL  
25 September 1981

## What's News—

U.S. intelligence agencies should be exempted from compliance with the Freedom of Information Act, CIA Director William Casey told a Senate panel. The 1974 law allows journalists and others to get access to government data, but the CIA fears that secrets aren't safe anymore. He said 15 nations no longer share intelligence with the U.S.

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# Sen. Goldwater's Heart for Youth

By Maria Riccardi

The talk was of budgets and boxing at last night's benefit dinner for the Charles Edison Memorial Youth Fund at the Sheraton Washington. More than 700 people attended the \$200-a-plate affair honoring Sen. Barry Goldwater (R-Ariz.), involved in the program since it was established in 1969.

Edison, the son of inventor Thomas, created the fund to sponsor educational programs for students, such as a six-week summer institute in comparative politics at Georgetown University. "The future of our country is determined by the education of our youth," said Mike Caslin, executive director of the program, who attended the institute in 1978 as a Manhattanville College student.

Many of the guests, however, were unfamiliar with the program. "Oh, I thought this was all for Barry Goldwater's birthday or something," said one woman.

Another woman asked a bartender, "Who's Charlie Edison?" He shrugged and poured her another drink.

The furs came out of the closet for the evening. At the smoke-filled reception before the dinner, the

women kissed cheeks and petted each other's minks. About 25 guests, including Sen. Robert Dole (R-Kan.), William Casey, director of the CIA, political analyst F. Clifton White and the Rev. Richard Halverson, attended a smaller pre-dinner party called "the special VIP reception."

Several of the fund's scholars stood outside the door, peering in at the select group of guests. "Someday we'll be Very Important People," one of them said with a laugh.

They are well on their way. Many of the fund's graduates now work in positions of authority in various branches of the government. And the impact of the \$1,700 program goes beyond intellectual enrichment. "It changed my whole life," says Caslin.

Jeffrey Simmons, a participant last year from Cochise College in Arizona, said, "I learned so much, but it was also a lot of fun being exposed to these people in government."

Meanwhile, in the VIP room, a group gathered around Goldwater, who wanted to talk about education, not budgets. "Budgets, budgets," he said, shaking his head. "It's gotten so that I dream about them."

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LEARN-CASBYE

BY CHRISTOPHER HANSONE

WASHINGTON, SEPT 24, REUTER -- CIA Director William Casey said today the CIA had inadvertently released vital secrets while complying with requests under the Freedom of Information Act.

He urged Congress to exempt the CIA entirely from the act, which requires government agencies either to divulge requested information or explain why it cannot legally be released.

The director told a Senate Judiciary subcommittee that, although CIA officials thoroughly scrutinize the requests for information, human error has resulted in the release of major secrets that have endangered lives.

"Afterwards we suffered a slowdown in cooperation with intelligence agencies abroad and serious diplomatic embarrassment," he said. He refused to disclose details in a public hearing.

Mr Casey said that, as a result of the information act, 15 foreign intelligence agencies have either stopped cooperating with American intelligence entirely or restricted their involvement in joint operations and shared information.

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CONTINUED

POTENTIAL SECRET AGENTS AND INTELLIGENCE SOURCES ABROAD FEAR THE ACT WILL LEAD TO THEIR IDENTIFICATION AND THEREFORE COOPERATE LESS THAN BEFORE THE CIA BECAME SUBJECT TO IT IN 1974, HE SAID.

"IDENTIFICATION AS A CIA AGENT CAN RUIN A CAREER; ENDANGER A FAMILY; OR EVEN LEAD TO IMPRISONMENT; TORTURE; OR DEATH," MR. CASEY SAID. "WE MUST BE ABLE TO PROVIDE HUMAN SOURCES WITH ABSOLUTE ASSURANCE (OF CONFIDENTIALITY)."

THE DIRECTOR ADDED SKILLED INTELLIGENCE ANALYSTS USE NEARLY FIVE PER CENT OF THE AGENCY'S MAN-HOURS -- MORE THAN IT DEVOTES TO TERRORISM OR TO NARCOTICS -- IN REVIEWING REQUESTS FOR INFORMATION.

HE CALLED FOR THE SENATE TO PASS LEGISLATION SIMILAR TO THAT APPROVED YESTERDAY BY THE HOUSE OF REPRESENTATIVES MAKING IT A SERIOUS CRIME FOR AN OFFICIAL; FORMER OFFICIAL; OR JOURNALIST TO DISCLOSE THE IDENTITY OF ANY AGENT OR FORMER AGENT.

MORTON HALPERIN, A FORMER NIXON ADMINISTRATION DEFENSE ANALYST WHO NOW REPRESENTS THE AMERICAN CIVIL LIBERTIES UNION, TOLD THE PANEL EXEMPTING THE CIA FROM THE INFORMATION ACT WOULD PREVENT LEGITIMATE INVESTIGATION OF WRONGDOING BY INTELLIGENCE AGENCIES.

MR. HALPERIN SAID THE ACT HAD BEEN USED TO GAIN VALUABLE INFORMATION ON CIA MIND-CONTROL EXPERIMENTS AND SPYING ON AMERICANS AS WELL AS NEW DETAILS ABOUT THE ABORTIVE 1961 BAY OF PIGS INVASION.

HE SAID THIS INFORMATION HAD NOT BEEN MADE AVAILABLE DURING CONGRESSIONAL INVESTIGATIONS AND SOME OF IT HAD BEEN KEPT SECRET FROM CONGRESS UNTIL UNTIL THE FREEDOM OF INFORMATION ACT FORCED ITS RELEASE.

MR. CASEY SAID THE CONGRESSIONAL COMMITTEES THAT OVERSEE THE CIA ARE A SUFFICIENT PUBLIC SAFEGUARD OF THE AGENCY'S ACTIONS.  
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24 September 1981

FBI-AGENT DISCLOSURE: 1ST LOU: 0022/290

FEDS: 1ST 10 GRAFS NEW: CIA CHIEF URGES EXEMPTION FROM FREEDOM OF INFORMATION ACT

BY MIKE SHANAHAN

ASSOCIATED PRESS WRITER

WASHINGTON (AP) - CIA Director William Casey urged today that all U.S. intelligence agencies be exempted from compliance with the federal Freedom of Information Act.

The law allows journalists, researchers or any other citizen to request specific information about government activities, although the CIA frequently denies such requests on national security grounds. Casey's testimony before a Senate Judiciary subcommittee on the Constitution followed House approval Wednesday of related legislation which makes disclosure of the identities of U.S. intelligence agents a federal crime.

Critics said the bill is "a serious blow to civil liberties and a free press."

In his testimony today, Casey said there is a perception among foreign governments that American intelligence secrets are easily obtained by anyone who asks for them.

He said changes made in the Freedom of Information Act in 1974, allowing federal courts to review the CIA's refusal to release requested information, have "seriously impaired our intelligence apparatus with no significant public benefit."

Fifteen foreign intelligence agencies have told the CIA they will limit the information they are willing to share with the United States because of fear that sensitive secrets might be made public through the law, he said.

In addition, he said: "Our agent network is placed in jeopardy. . . . They don't have faith in our ability to keep secrets."

Norton Halperin, a former National Security Agency official who testified on behalf of the American Civil Liberties Union, said the law protects sensitive information while allowing the CIA's mistakes to become known.

Although judges are given the final say over whether information is released, Halperin said, so far nothing that the CIA wanted kept secret has been made public.

THE LEGISLATION: 2ND GRAF

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NASHVILLE TENNESSEAN  
23 September 1981

## MTSU Teacher To Seek CIA Search Fee Waiver

By LISA HUMAN  
Tennessean State Correspondent

MURFREESBORO — A Middle Tennessee State University instructor will ask a federal judge tomorrow to waive a \$400 fee the CIA is requiring him to pay for an information search.

Larry Burriss, a mass communications instructor, is writing a doctoral thesis about government policy toward media that publish classified material.

HE ASKED the CIA in February for information regarding coverage in four newspapers of the training of Tibetans in Colorado between 1958 and 1961 after statements in two books led him to believe the CIA kept *The New York Times* from publishing that information.

"I was told it would cost \$400, \$100 per newspaper, to conduct a search for the material and that there was no guarantee I could get any information," Burriss said. "They may very well have the information and not care to release it."

Burriss appealed to CIA Director William Casey to have the fees waived, but his efforts were to no avail.

CONSEQUENTLY, Burriss filed a complaint July 14 for injunctive relief, asking the federal court to order the fees be waived.

But U.S. attorneys representing the CIA filed a motion to have Burriss' case dismissed, partly on grounds that:

- There is already information of the subject in the public domain.

- This is not a public interest item.

- The initial suit named Casey and the CIA director is not the proper person to bring the injunction against.

Burriss, firing his opinions back in a written answer to the dismissal motion, disagreed with each of the grounds for disposing of his suit.

Burriss is also asking that the CIA provide him with an index of the material he has requested, to find out what type of information is available.

THE CIA HAS responded that it is inappropriate to use indexing requirements to waive fees, Burriss said.

The hearing, to be conducted by U.S. District Judge L. Clure Morton, is scheduled for 9 a.m. in Nashville.

If Burriss's suit is dismissed, he may appeal to the 6th U.S. District Court of Appeals in Cincinnati. If Burriss wins, the CIA can also appeal to that court.

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ON PAGE B17

THE WASHINGTON POST  
22 September 1981

**JACK ANDERSON**

## CIA Has Begun Triple Assault On Information

In a triple assault on the public's right to know, the CIA is trying to shut off channels of information to the electorate, is seeking criminal penalties against reporters whose stories might identify CIA operatives and is spreading "disinformation" to news agencies.

The most disturbing is the disinformation campaign. This poisons the well from which Americans draw the facts they need to govern themselves. The wise Thomas Jefferson sought to lay this issue to rest two centuries ago when he argued that the people's right to know is more important than the officials' right to govern.

Now along comes William J. Casey, the CIA director, with the argument that the government has the right to mislead the public by planting phony stories in the press.

His purpose, ostensibly, is patriotic. He wants to build public support for the political, economic and military measures that the Reagan administration believes are necessary to counter the worldwide conspiracies of the Soviet Union.

Legal experts have warned that the CIA is forbidden by law from

conducting operations within the United States, and that disinformation aimed at the American public, therefore, would be illegal. But Casey has found a way that he apparently thinks the CIA can get around the law. The disinformation will be planted with foreign news bureaus whose stories are picked routinely up by U.S. newspapers.

Thus the phony stories may be concocted by CIA dissemblers in McLean, Va., but will reach the American audience circuitously through foreign sources.

Trusted CIA sources have told my associate Ron McRae that the foreign press, in the words of one insider, "is already being manipulated directly."

Consider the campaigns to discredit Libya's radical ruler, Muammar Qaddafi, for example. There should be no need to portray him as being any more vile than he is. He has committed outrages that should be sufficiently repugnant to arouse American public opinion against him. I have called Qaddafi the world's most irresponsible ruler, and have backed up this opinion with facts that need no embellishment.

But under Casey, the CIA is busily creating rumors connecting Qaddafi to the slave trade in Mauritania, the only nation that still auctions people on the block.

The CIA is also spreading stories that Qaddafi is manipulating Libyan accounts in international banks and

otherwise mismanaging the Libyan peoples' petrodollars.

The agency has even considered arranging the disappearance of a moderate Moslem leader after a visit to Libya. This could revive the outrage against Qaddafi in the Moslem world that followed the disappearance of a holy man, Mousa Sadr. He never returned from Libya after a set-to with the dictator.

What Casey doesn't understand is that truth is the most effective method of persuading people and influencing events. If the U.S. government could re-establish its credibility, its word could become a powerful weapon for combating communism.

Footnote: Casey has done his utmost to obstruct the flow of CIA information to the public. He has also sought criminal penalties against reporters who divulge the identity of CIA agents. These steps are necessary, he has contended, to protect the CIA's secret operations.

The truth is that the CIA's ineptness, not newspaper stories, has jeopardized secret activities and exposed its operatives.

The CIA has complained loudly that its station chief in Athens, Robert Welch, was gunned down because his identity was revealed in anti-CIA publications. But the CIA station chief had occupied the same house in Athens for two decades, and sight-seeing guides used to point it out to tourists.

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LOS ANGELES TIMES  
22 SEPTEMBER 1981

## The Shift Toward Secrecy

Necessary secrecy must be maintained by our intelligence agencies. No one would argue otherwise. But the problem in a democracy is to maintain a sensitive balance between secrecy and the flow of information upon which open government depends.

The issue, which can never be easily resolved, will be brought to the fore again by the government's reported plans to sue former CIA Director William E. Colby for publishing his 1978 memoir, "Honorable Men," without clearing all editions with the CIA.

It is alleged that Colby's breach of security occurred when galley proofs of his book reached a French publisher before the CIA could demand the elimination of certain passages. Colby revealed that the CIA spy ship Glomar Explorer had failed in an attempt to recover sensitive equipment from a Soviet submarine three miles below the surface of the Pacific Ocean.

The failure of the Glomar Explorer mission was widely published before Colby's memoirs reached print, and it seemed odd that the government would proceed against Colby three years after the fact. But reports of the suit said that the Administration intends to use the case as a warning that it will not tolerate security leaks or breaches of contract between government and its employees.

There is no doubt of the government's legal position. In a landmark ruling in February, 1980, the Supreme Court upheld a government suit against Frank Snepp, a former CIA official, who published a book about the agency's operations in Vietnam without first clearing the manuscript with the CIA, although the government conceded that Snepp had not disclosed any classified information.

The court not only held that Snepp had broken that agreement, but also went much further: It said that the government could sue employees who had not signed secrecy agreements if they were in a trust relationship with the government and if they published material without clearance. The decision was so sweeping that one of three dissenters, John Paul Stevens, said the ruling imposed "a species of prior restraint on a citizen's right to criticize his government."

Former Atty. Gen. Benjamin Civiletti took a significantly narrower view than did the Supreme Court of the government's right to silence its employees, and he established cautious limits on the exercise of this authority. Prior restraint on publication was to be considered as "an extraordinarily serious matter." No injunctions were to be sought against the press or private individuals who had information from government employees, except in circumstances that posed an "imminent threat" to national security.

Civiletti demonstrated a keen appreciation of the difficulty involved in maintaining a sensitive equation between necessary secrecy and the First Amendment. In a little-noticed action earlier this month, before the disclosure of the reported action against Colby, Atty. Gen. William French Smith revoked the Civiletti guidelines and adopted a policy that could lead to increased secrecy.

Smith said, "Some employees and contractors of the United States, generally those in the intelligence agencies, are obligated by contract or otherwise to submit intended publications" to their superiors for clearance. It seemed plain that the use of the word "otherwise" suggested the government could prosecute a wide range of employees.

Smith said the old guidelines were revoked because they "tended to suggest that some violations (of clearance requirements) would be ignored," and an aide said the attorney general was especially concerned that the guidelines implied that publishing companies would not be prosecuted for printing information from employees who had violated a secrecy oath. Smith's attitude suggested that the government might seek prior restraint against the press under standards far less rigorous than Civiletti's "imminent threat" test.

Intelligence agencies must maintain essential secrecy, but the power to impose censorship, as Civiletti said, is a dangerous power that readily lends itself to abuse and must be closely watched. Civiletti's judicious and cautious approach to the exercise of this power has more to recommend it than Smith's apparent inclination to tip the balance toward secrecy.

## ASSOCIATED PRESS

21 September 1981

NO96

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COLBY-NEWSWEEK

NEW YORK (AP) -- THE FEDERAL GOVERNMENT PLANS TO SUE FORMER CIA DIRECTOR WILLIAM E. COLBY FOR PUBLISHING HIS 1978 MEMOIR, "HONORABLE MEN," BEFORE CLEARING ALL EDITIONS WITH HIS FORMER EMPLOYER, NEWSWEEK MAGAZINE REPORTED SUNDAY.

THE MAGAZINE SAID IN ITS CURRENT EDITION THAT THE SUIT WAS THE REGAN ADMINISTRATION'S LATEST EFFORT IN STOPPING LEAKS OF SENSITIVE INFORMATION AND SHOW THAT IT WILL NOT TOLERATE BREACHES IN THE LEGAL CONTRACTS OF GOVERNMENT EMPLOYEES.

FEDERAL LAW PROHIBITS THE UNAUTHORIZED DISSEMINATION OF NATIONAL SECURITY INFORMATION BY BOTH FORMER AND PRESENT EMPLOYEES.

IT ALSO SHOWS THAT THE ADMINISTRATION'S EFFORTS TO PLUG LEAKS WILL NOT BE LIMITED TO ONLY THE "LITTLE FISH," THE MAGAZINE SAID, QUOTING AN UNNAMED SENIOR ADMINISTRATION OFFICIAL.

THE ALLEGED SECURITY BREACH OCCURRED WHEN GALLEY PROOFS OF COLBY'S BOOK REACHED A FRENCH PUBLISHER BEFORE THE CIA EXAMINED IT.

THE GALLEY CONTAINED SENSITIVE MATERIAL THAT REVEALED THAT THE CIA SPYSHIP, GLOMAR EXPLORER, HAD FAILED TO RECOVER NUCLEAR MISSILES, STEERING AND TRANSMISSION DEVICES AND CODES FROM A SOVIET SUBMARINE THREE MILES BELOW THE SURFACE OF THE PACIFIC OCEAN.

CITING GOVERNMENT SOURCES, THE MAGAZINE SAID COLBY AND THE GOVERNMENT WILL MOST LIKELY REACH A CONSENT AGREEMENT WITH THE FORMER DIRECTOR AGREEING TO TURN OVER SOME OF HIS BOOK PROFITS TO THE GOVERNMENT.

THE MAGAZINE ALSO SAID THE ADMINISTRATION HAS ORDERED INVESTIGATIONS OF SEVERAL POSSIBLE NATIONAL SECURITY LEAKS. THEY INCLUDE THE DISAPPEARANCE OF STATE DEPARTMENT POLICY PAPERS ON SOUTHERN AFRICA, THE REMOVAL OF MX-MISSILE STUDIES FROM THE PENTAGON AND THE ACQUISITION OF POSITION PAPERS ON PAKISTAN BY AN NBC REPORTER.

NEWSWEEK ALSO SAID CIA DIRECTOR WILLIAM J. CASEY HAS ASKED THE FBI TO CONDUCT AN INTERNAL INVESTIGATION INTO CIA LEAKS. TOP OFFICIALS AT THE BUREAU, HOWEVER, HAVE REJECTED THE IDEA BECAUSE THEY DO NOT BELIEVE THE FBI SHOULD BE WORKING FOR THE AGENCY, NEWSWEEK SAID.

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ARTICLE APPEARED  
ON PAGE B12THE NEW YORK TIMES  
21 September 1981**WASHINGTON TALK**

**K**REMLINOLOGISTS are trying not to read too much into the fact that their own section of overt Soviet intelligence analysts is being moved off the grounds of the Central Intelligence Agency's main office campus in the Virginia suburb of Langley. A plot of sorts — a blueprint for additional office space — is the mundane reason given for the move to another C.I.A. site in the Virginia bedroom community of Vienna. Some of the more irrepressible analysts are wondering whether the change was dictated by William J. Casey, the new C.I.A. director and an old hand in the business.

One professional says the Soviet section relates crucially to the other intelligence units, like the shaker to the cocktail, with various specialists wandering down the Langley halls for casual business chats with the Moscow chaps. "I can think of a lot of others who ought to be defenestrated first," said the analyst, reluctant to go out into the cold of crosstown traffic.

## Walter Scott's **personality parade**

*Q. It's been rumored that William Casey's days as head of the CIA are numbered. Who appointed him and why?—M.O., Wilmette, Ill.*

*A. The appointment of William J. Casey, 68, was a political payoff by President Reagan to the man who took over his 1980 campaign when it was foundering in New Hampshire. Despite his blatantly incomplete financial report and accusations of possible stock fraud, Casey was blithely confirmed by the U.S. Senate—whereupon he unwisely appointed Max Hugel, an old Brooklyn friend, to run the CIA's vital cloak-and-dagger operations. The appointment of Hugel, a man with no visible qualifications, to such an important post outraged many career intelligence officers. Subsequently, in the wake of allegations concerning stock market manipulations in 1974, Hugel resigned. A day later, Casey's own murky stock market history was leaked—supposedly by CIA "Ivy Leaguers" who did not regard Casey, a graduate of Fordham University and St. John's Law School, as particularly qualified either. This gave rise to a spate of stories that Casey also would resign, but Reagan rescued him by expressing "continued confidence."*

*Casey's reputation, however, has been tarnished, and he lacks the support of some key Senators on the Intelligence Committee. No. 2 man at the CIA is Adm. Bobby R. Inman, a favorite of Sen. Barry Goldwater. Should Casey be guilty of another major goof, Inman will probably succeed him.*

JACK ANDERSON GOOD MORNING AMERICA SHOW 20 OCTOBER 1981

Good morning Joan. You may recall that some Senators exploded a stink bomb in the Executive Offices of the Central Intelligence Agency last summer. Well, I'm afraid the odor is still lingering. First, there was the flap over the appointment of Max Hugel to the most sensitive job in the Agency. He had no background in Intelligence work, yet he was put in charge of covert operations. He resigned under fire when two former business associates, Thomas and Samuel McNell accused him of cheating them in a stock deal; but the McNell brothers didn't stay around to press charges. They disappeared after blowing the whistle on Hugel. Well, here's an update. My sources say the McNell brothers have contacted their families and assured them they are alive and well; but they still refuse to come in out of the cold and tell what they know. Well, not long after the Hugel-McNell incident, a Senate Committee began investigating CIA Director, Bill Casey himself. He responded with a blustering defense at a Senate Hearing and the matter dropped out of the headlines; but I can report that the Senate Committee is still looking into Casey's past business dealings. I've seen a Confidential report by the Committee Staff; it tells what the Senate investigators are doing and gives their findings so far. Well, they're investigating Casey's links to the international swindler, Robert Vesco for one thing. Vesco's Mutual

JAMESTOWN POST-JOURNAL  
19 September 1981

# CIA Contact Isn't New To Peter James

By CHARLES BOWEN

Jamestown native Peter James, author, lecturer and former CIA contact has once again become involved in international intrigue with his proposals to change U.S. foreign policy toward Cuba.

The 41-year-old James visited Cuba for 25 days in June and July and sent his observations and recommendations in an unsolicited letter to CIA Director William Casey.

James is the author of "Soviet Conquest from Space" and "The Air Force Mafia" which were aimed at exposing corruption in the military, industrial, and intelligence complex.

His professional career began with his employment at Pratt & Whitney Aircraft's Florida Research and Development Center in West Palm Beach from 1962-1971.

In 1970, while working as the firm's foreign technology expert, he submitted an 800-page report assessing the Soviet rocket technology upon request of President Nixon. Previously, James had submitted solicited intelligence reports to the CIA following encounters with scientists, engineers and agents from Athens, Madrid, Belgrade, Venice, Paris, Mar Del Plata, Rome, Konstanz, Dubrovnik, Marseilles and Brusses.

He was fired from Pratt and Whitney in 1971 for allegedly breaking company rules. In May 1972, James was again contacted by the CIA to associate with Soviet diplomats and scientists who were in Miami. He was asked to assess the official Soviet reaction to Nixon's announcement that the U.S. had com-

menced mining Haiphong Harbor in Vietnam and whether the planned Nixon-Brezhnev summit conference, scheduled for a few weeks away, was in danger.

James met with the Soviet diplomats two hours after being contacted by the CIA and reported that the summit conference was in no danger.

James, who was a Jamestown mayoral candidate in 1977, traveled to Cuba in June and July and befriended officials in Cubatur — the Cuban government travel agency — and a Cuban friendship organization ICAP. He also talked with government representatives.

While in Cuba, he found that the American perception of Premier Fidel Castro running a repressive regime without popular support was incorrect.

James said he observed that illiteracy is being eliminated, land reform measures and been undertaken and multiple-unit housing has been developed.

An important aspect that James said he observed was that the Cubans did not feel the Soviet invasion of Afghanistan could be justified by Marxism-Leninism. Public support of the Soviet Union on the Afghanistan issue is "lukewarm." If the Cuban were independent of Russian aid, their public support of the Afghanistan situation would probably vanish overnight," James said.

James will be on the lecture tour again this month until next spring. His trip to Cuba and his recommendations to Casey will be one of the subjects he will speak on.



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NEW YORK TIMES  
19 SEPTEMBER 1981

## Panel in House Will Investigate Ex-C.I.A. Agent

### Dealings With Libyans Raise Legislative Issues

By PHILIP TAUBMAN  
Special to The New York Times

WASHINGTON, Sept. 18 — The House Select Committee on Intelligence has decided to conduct a full-scale investigation of the activities of Edwin P. Wilson, a former American intelligence agent charged with illegally exporting explosives to Libya as part of a scheme to train terrorists, committee members said today.

The inquiry, the first by Congress into the Wilson case and related matters, will examine both Mr. Wilson's conduct and the way the Federal Government has handled his case, according to committee members.

"This whole case requires an in-depth look," said Representative Edward P. Boland, Democrat of Massachusetts, who is the committee chairman.

#### 'Possible Legislative Remedies'

Mr. Boland and other committee members said that Mr. Wilson's activities had exposed possible deficiencies in Federal laws governing the conduct of former Government intelligence agents and the transfer of advanced technology abroad. "We will be looking for possible legislative remedies," Mr. Boland said.

He added that some of the issues might be referred to other House committees for study. The committee's investigation will begin with at least several weeks of staff work.

Federal investigators say in that in 1976, Mr. Wilson, a former covert operative for the Central Intelligence Agency, negotiated a deal with the leader of Libya, Col. Muammar el-Qaddafi, to sell his expertise in intelligence and military matters for the training of terrorists in the North African nation.

Mr. Wilson and other former C.I.A. agent, Frank E. Terpil, were indicted in April 1980 by a Federal grand jury here on multiple charges of illegally exporting explosives to Libya and conspiring to assassinate a Libyan critic of Colonel

Qaddafi. Both Mr. Wilson and Mr. Terpil are fugitives.

The Justice Department said it was currently investigating evidence of other aspects of Mr. Wilson's ties to Libya, including the shipment of 20 tons of plastic explosives from the United States to Libya in 1977 and involvement in the sale, or attempted sale, of advanced technological equipment to Iran, Egypt and other Middle Eastern nations.

The Federal Bureau of Investigation is also looking into an allegation by a former business associate of Mr. Wilson that a company controlled by Mr. Wilson bribed an official of the Energy Department in 1976 with funds obtained from the Control Data Corporation. Control Data acknowledges that it did business with one of Mr. Wilson's companies, but denies knowing of any improprieties.

Staff members on the House Intelligence Committee said that all these areas would initially be examined by the committee but that eventually the investigation would be likely to focus on broader issues and problems susceptible to legislative remedy.

#### Casey Pledges Cooperation

William J. Casey, the Director of Central Intelligence, was informed of the committee's plans yesterday, staff members said. They said Mr. Casey had pledged to cooperate fully with the investigation.

However, several senior intelligence officials said today that there was concern at the agency that such an investigation could hurt internal morale and divert public attention from the need to rebuild operational and analysis capabilities that they believe were damaged by investigations of the agency in the mid-1970's.

One of the main questions raised by the Wilson case is what the C.I.A. knew about his activities and what it did to stop them. The agency has denied any involvement in Mr. Wilson's Libyan venture, and an internal C.I.A. investigation in 1977 led to the dismissal of two employees found to be aiding him.

However, according to Federal investigators and former Wilson associates, Mr. Wilson remained in contact with several senior C.I.A. officials in the late 1970's and helped at least one of them get established in private business.

#### Dissolving 'Old Boy Network'

"If there's an 'old boy network,' it ought to be dissolved," Mr. Boland said in a telephone interview today from his home district in Springfield, Mass. He added, "I can't bring myself to believe that people who worked in the intelligence community can walk out of there and still maintain close relationships with people inside the C.I.A. and, at the same time, get involved with Libya."

Employees of the C.I.A. should not be involved with former employees."

mechanism to control the sale of information to former agents or to prevent them from selling unclassified intelligence and skills to foreign governments.

There are several Federal laws, enforced by the State and Commerce Departments, that control the export of American military equipment and technology products. However, officials at both departments say that the laws can be circumvented.

#### Green Berets in Libya

The committee is also expected to examine Mr. Wilson's use of former Army Special Forces troops, or Green Berets, to train terrorists in Libya, and how Army officials got the impression that the operation had C.I.A. sanction.

In addition, the investigation may look at charges of mismanagement and lack of coordination by the Justice Department in its investigation of Mr. Wilson. Mr. Boland said, however, that the committee did not "want to get in the way" of the department's prosecution of the case.

The House committee has been following developments in the Wilson case for the last several years on an informal basis, staff members said. The decision to open a full-scale investigation means that inquiry will be greatly expanded and formalized, they said.

Committee members said they hoped to conduct as much of the investigation as possible in open session.

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THE WASHINGTON POST  
19 September 1981

## Americans at Home, Abroad

# U.S. Backs Off on Easing Spy Rules

By Mary Thornton  
Washington Post Staff Writer

The Reagan administration has backed off significantly from plans, leaked earlier this year, to ease restrictions greatly on spying on Americans here and abroad.

In a speech this week to the New York City Bar Association, Richard Willard, intelligence adviser to Attorney General William French Smith, said the administration is continuing to revise executive orders and regulations governing intelligence activities to make them "simpler, easier to apply and less restrictive of lawful intelligence practices."

Willard's speech made clear that the administration no longer supports a draft executive order, obtained in March by The Washington Post, that would have sanctioned covert CIA operations in this country.

In addition, the order would have eliminated the Carter administration's standard of using the "least intrusive means possible" to collect information, and would have restricted the attorney general's veto over such controversial investigative techniques as break-ins, mail opening, bugging and photographing.

Willard, who serves on the interagency task force drafting the new executive order, said yesterday that the original draft was never intended to be policy. He said it was put together by "middle-level people," not policymaking executives.

"One of the problems with the draft was that the wording was not as precise as it should have been . . . It made it look as if the CIA was going to get more involved in domestic spying . . . The language made things look worse than they really were," Willard said. "No one contemplates any changes such as getting the CIA involved in domestic spying."

However, intelligence community sources say that the draft proposal carried a cover letter signed by CIA Director William J. Casey when it was circulated internally.

In his speech, Willard said, "We are committed to the principle that intelligence agencies are subject to the rule of law and that all intelligence activities must be conducted in a lawful manner."

On the question of using the controversial investigative techniques without a judicial warrant, Willard said the administration had decided to continue the Carter policy.

That means the president must approve the type of surveillance and the attorney general then must approve the activity case by case after determining probable cause to believe the subject of the surveillance is an agent of a foreign power.

Willard indicated that the administration was going a step further in explicitly defining who can be considered an agent of a foreign power, a change the American Civil Liberties Union immediately praised.

Those who can be so classified will be officers or employes of foreign governments who are not U.S. citizens or permanent resident aliens, and any person who "knowingly engages in illegal clandestine intelligence activities, sabotage or international terrorism on behalf of a foreign power."

Willard said that, although the executive order would probably be more in line with Carter's regulations than first assumed, the final order and regulations will show changes.

"After the scandals of the mid-1970s, it was thought that it was necessary to put the intelligence agencies on a tighter leash," he said. "We think it went much too far and limited the effectiveness of the intelligence agencies by subjecting them to a lot of bureaucratic regulations."

Willard said the administration also will propose legislation to tighten the Freedom of Information Act and will make it a crime to reveal the identity of a covert U.S. intelligence agent.

INTELLIGENCE AGENTS

News Service

BY W. DALE NELSON

N052

18 September 1981

WASHINGTON (AP) -- THE REAGAN ADMINISTRATION IS LOBBYING HARD TO SAVE A BILL THAT WOULD PROTECT THE IDENTITY OF INTELLIGENCE AGENTS. CRITICS ARGUE, HOWEVER, THAT THE MEASURE WOULD THREATEN FREEDOM OF THE PRESS.

CENTRAL INTELLIGENCE AGENCY DIRECTOR WILLIAM J. CASEY HAS MADE REPEATED VISITS TO CAPITOL HILL TO TALK TO WAVERING MEMBERS OF THE SENATE JUDICIARY COMMITTEE ABOUT THE MEASURE.

MEMBERS OF THE COMMITTEE ALSO HAVE BEEN VISITED BY REPRESENTATIVES OF THE SOCIETY OF PROFESSIONAL JOURNALISTS, SIGMA DELTA CHI, WHO OPPOSE THE ADMINISTRATION BILL.

THE COMMITTEE IS SCHEDULED TO VOTE ON THE MEASURE OCT. 6, AND BOTH SIDES SAY THE OUTLOOK IS FOR A CLOSE VOTE, WITH THE ADMINISTRATION SLIGHTLY FAVORED.

THE BILL WOULD MAKE IT A CRIME FOR ANY PERSON TO DISCLOSE THE IDENTITY OF A COVERT U.S. INTELLIGENCE AGENT -- PROVIDED THE PERSON HAS REASON TO BELIEVE THAT THE DISCLOSURE WOULD IMPEDE U.S. INTELLIGENCE GATHERING.

PENALTIES WOULD BE STIFFER, UP TO A \$50,000 FINE AND 10 YEARS IN PRISON, FOR DISCLOSURE OF CLASSIFIED INFORMATION. USE OF UNCLASSIFIED INFORMATION WOULD BE PUNISHABLE BY UP TO \$15,000 AND THREE YEARS.

SIMILAR LEGISLATION FAILED TO REACH A SENATE FLOOR VOTE LAST YEAR AFTER OPPONENTS CONTENDED IT WAS UNCONSTITUTIONAL AND COULD STIFLE LEGITIMATE NEWS REPORTING OF INTELLIGENCE ACTIVITIES.

THE HOUSE INTELLIGENCE COMMITTEE HAS APPROVED A SIMILAR BILL, BUT WITH A DIFFERENCE. THE HOUSE BILL WOULD APPLY PENALTIES ONLY WHEN THE DISCLOSURE IS MADE WITH SPECIFIC INTENT TO IMPAIR U.S. INTELLIGENCE ACTIVITIES.

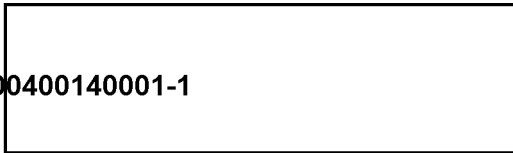
THE JOURNALISM SOCIETY AND ITS ALLIES, INCLUDING THE AMERICAN CIVIL LIBERTIES UNION, SAY THE HOUSE MEASURE IS THE MORE ACCEPTABLE OF THE TWO BECAUSE IT IS LESS LIKELY TO PENALIZE LEGITIMATE REPORTING. SUPPORTERS OF THE SENATE VERSION SAY IT WOULD BE MORE EFFECTIVE IN PROTECTING AGENTS.

AT A PUBLIC HEARING IN MAY, CASEY TESTIFIED THAT "UNAUTHORIZED DISCLOSURES HAVE RESULTED IN UNTOLD DAMAGE AND IF NOT STOPPED WILL RESULT IN FURTHER DAMAGE TO THE EFFECTIVENESS OF OUR INTELLIGENCE APPARATUS."

THE HOUSE VERSION IS EXPECTED TO BE ON THE FLOOR NEXT WEEK. IN ADDITION, SEN. JAMES EASTLAND, D-MISS., PLANS TO OFFER IT AS AN AMENDMENT WHEN THE SENATE BILL COMES UP IN COMMITTEE.

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ON PAGE C4

THE WASHINGTON POST  
17 September 1981



STAT

## Personalities

For the past 10 days CIA Director William J. Casey's work has been a little more uncomfortable than usual. Casey fell and fractured his leg below the knee on Labor Day weekend while playing golf in Long Island.

A CIA spokesman disclosed the injury after a news photographer saw Casey entering the White House on crutches.

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ON PAGE C-9

Approved For Release 2005/11/28 : CIA-RDP91-00901R000400140001-1  
17 September 1981



STAT

**Here and there . . .**

• William Casey, the embattled director of the CIA, broke his leg playing golf Labor Day weekend on Long Island. Must have really teed him off.

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ON PAGE D-1.

Approved For Release 2005/11/28 : CIA-RDP91-00901R000400140001-1

PHILADELPHIA INQUIRER  
17 September 1981



STAT

## Newsmakers

### *CIA chief hurt*

CIA director William Casey, 68, broke his leg playing golf during the Labor Day weekend but has still been coming to work every day. CIA spokesman Dale Peterson said yesterday that he was disclosing the injury because a news photographer saw Casey coming to work on crutches. Peterson said Casey fell on a Long Island golf course and fractured his right leg below the knee.



United Press International

**ON CRUTCHES, CIA Director William Casey arrives at the White House for a meeting yesterday. Casey broke his leg while he was playing golf on Labor Day.**

STAT

16 September 1981

N082

RW

CASEY-FRACTURE

WASHINGTON (AP) -- CIA DIRECTOR WILLIAM J. CASEY BROKE HIS LEG PLAYING GOLF OVER THE LABOR DAY WEEKEND BUT HASN'T MISSED A DAY OF WORK, AN AGENCY SPOKESMAN SAID WEDNESDAY.

DALE PETERSON OF THE CENTRAL INTELLIGENCE AGENCY DISCLOSED THE 10-DAY-OLD INJURY TO THE NATION'S CHIEF SPY AFTER A NEWS PHOTOGRAPHER SAW CASEY WALKING INTO THE WHITE HOUSE ON CRUTCHES.

THE SPOKESMAN SAID CASEY, 68, FELL ON A LONG ISLAND GOLF COURSE AND FRACTURED HIS RIGHT LEG BELOW THE KNEE BUT RETURNED TO WORK IMMEDIATELY AFTER THE HOLIDAY WEEKEND AND HAS BEEN "UNCOMFORTABLE BUT GOING ABOUT HIS DUTIES."

AP-WX-09-16-81 1440EDT



Washington, D.C. 20505

14 September 1981

STAT

Honorable Max S. Baucus  
Committee on the Judiciary  
United States Senate  
Washington, D.C. 20510

Dear Senator Baucus:

I am writing to you because of concerns about the Central Intelligence Agency and the Peace Corps which several Senators have expressed to me in connection with S. 391, the Intelligence Identities Protection Act, which the Senate Judiciary Committee will consider on Tuesday, 15 September.

Subsection 603(a) of the Bill would require departments and agencies of the government designated by the President to provide assistance for intelligence cover arrangements. The language of this provision does not require the Peace Corps or any other agency to provide cover for intelligence personnel. The authority to designate which agencies shall provide such cover is left where it currently resides and should remain, that is, with the President.

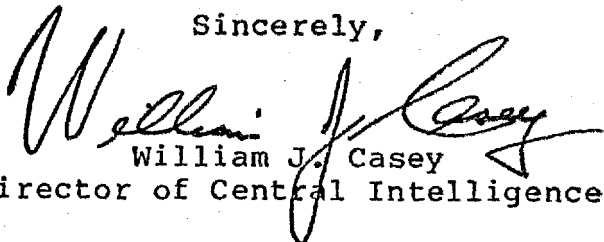
Let me personally emphasize that I do not advocate and would indeed firmly oppose any designation of the Peace Corps for cover support. I can assure you that I have no intention of seeking to use the Peace Corps to provide cover for clandestine intelligence collection, and I certainly do not intend to change the long-standing CIA policy barring such use of the Peace Corps. It is not the intent of subsection 603(a) to foster secret directives at odds with this publicly stated policy, which has been in effect since 1961, the same year the Peace Corps was established.

It would be unwise, however, to put into the Identities legislation a listing of agencies which are not to provide cover for intelligence personnel. Such a listing would not be believed overseas. It would serve only to focus foreign intelligence services, violence-prone individuals, and terrorist groups on the overseas personnel of Federal agencies not included in the listing.



For these reasons, I am sure that you will agree that there is no need for a specific exclusion of the Peace Corps from the cover-related provision of the Identities Bill. I trust I have reassured you regarding CIA intentions. I am enclosing for your information recent correspondence to the same effect between the CIA and the Peace Corps.

Sincerely,

  
William J. Casey  
Director of Central Intelligence

Enclosures

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IDENTICAL LETTERS TO:

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Robert C. Byrd

Dennis DeConcini

Jeremiah Denton

Robert J. Dole

John P. East

Charles E. Grassley

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Alan K. Simpson

Storm H. Thurmond

1981

Approved For Release 2005/11/28 : CIA-RDP91-00901R000400140001-1

June 25, 1981

Honorable William J. Casey  
Director, Central Intelligence  
Agency  
Washington, D. C. 20505

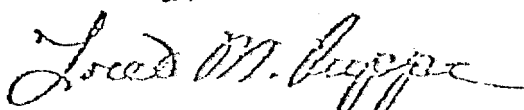
Dear Mr. Casey:

As we both begin our work with the new Administration, I write to you about a matter of mutual concern to our agencies. Specifically, I would like to bring to your attention the bill S. 391, the Intelligence Identities Protection Act which will be considered by the Senate Judiciary Committee soon. As you know, throughout the 20 year history of the Peace Corps, there has been a deliberate effort to keep separate our volunteers from any intelligence-gathering role. In connection with that policy, we have evolved our intelligence policy which bars former CIA employees, and others who have been in the intelligence-gathering business since less than 10-years prior to their application, from serving in the Peace Corps.

As you know, this policy has been in effect for the past twenty years and was last reaffirmed by our predecessors in 1978. I understand that your agency has very recently expressed the position that you have no intention of deviating from your current regulations prohibiting cover arrangements involving the Peace Corps and that it is not your intention to foster secret regulations at odds with those regulations which have been in effect for the past twenty years.

I look forward to hearing from you directly as to the CIA position on this matter. I think that it would be to our mutual benefit to share this correspondence with appropriate members of Congress, so that there will be no mistake as to the Peace Corps' total separation from the function of intelligence-gathering.

Sincerely,



15 July 1981

Honorable Loret Miller Ruppe  
Director, Peace Corps  
806 Connecticut Avenue, N.W.  
Washington, D.C. 20525

Dear Mrs. Ruppe:

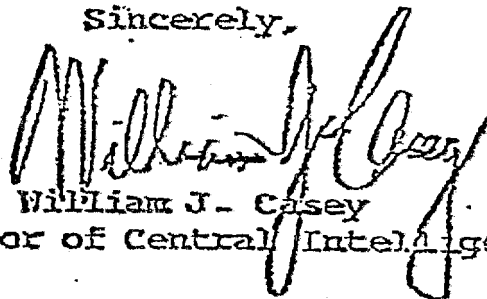
Your letter of June 25, 1981, requested my views regarding policies governing cover relationships between CIA and the Peace Corps in connection with S. 391, the Intelligence Identities Protection Act, which will be considered by the Senate Judiciary Committee soon. Companion legislation, H.R. 4, is also pending in the House.

I understand that you are concerned with a provision in that proposed legislation that would require departments and agencies of the government designated by the President to provide assistance for cover arrangements to provide whatever assistance the President deems necessary to effectively maintain the secrecy of intelligence officers and employees. This language does not mandate that the Peace Corps or any other particular agency provide cover for intelligence personnel. Moreover, I do not advocate and would oppose any designation of the Peace Corps as an agency required to provide cover support. For these reasons, I am sure that you will agree that there is no need for a specific statutory exclusion of the Peace Corps from the cover provision of the proposed bill. Moreover, such a proposed amendment would be misleading for it would suggest that CIA desires to change its policy in this regard.

I can assure you that I have no intention of seeking to use the Peace Corps to provide cover for clandestine intelligence collection conducted by Central Intelligence Agency personnel. I certainly do not intend to change the long-standing CIA policy barring such use of the Peace Corps, which is reflected in existing regulations.

Approved For Release 2005/11/28 : CIA-RDP91-00901R000400140001-1  
Thank you for the opportunity to express my views. I hope that I have reassured you regarding CIA intentions. If you have any specific questions whatsoever regarding our policies, my General Counsel, Mr. Stanley Sporkin, will be happy to answer them. I look forward to an amicable relationship with you in the future.

Sincerely,



William J. Casey  
Director of Central Intelligence

cc: Honorable Barry M. Goldwater  
Honorable Daniel P. Moynihan  
Honorable Edward P. Boland  
Honorable J. Kenneth Robinson

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ON PAGE A-1

NEW YORK TIMES  
14 SEPTEMBER 1981

## Beyond the Wilson Case

### Ex-C.I.A. Agent's Acts Raise Broad Issues Involving the Agency and Transfer of Arms

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, Sept. 13 — As teams of investigators and prosecutors reconstruct the activities of Edwin P. Wilson, a former American intelligence agent charged with illegally exporting explosives to Libya, a handful of other officials have been quietly studying some of the national and international issues the case raises.

The issues they are reviewing have touched a raw nerve in Government. Ultimately, if the Government is willing to confront the issues fully and seek reforms where necessary, the results could be more significant than the outcome of the criminal case against Mr. Wilson.

The Wilson case, for example, has revealed serious weaknesses in the laws, regulations and policies that govern the transfer of American arms and technology abroad, according to senior officials in the Reagan Administration. It has also demonstrated, they said, the inadequacy of United States criminal laws, which do not prohibit the training of terrorists abroad by American citizens or the sale of expertise in intelligence, arms and explosives by Americans to hostile foreign powers.

Federal investigators say that in 1978 Mr. Wilson, a former covert operative for the Central Intelligence Agency, negotiated a deal with the leader of Libya, Col. Muammar el-Qaddafi, to sell his expertise in intelligence and military matters for the training of terrorists in the militant Arab nation in North Africa.

#### C.I.A. Knowledge Questioned

In addition, the Wilson case has raised still unresolved questions about how much the C.I.A. knew of Mr. Wilson's activities and what the agency did to stop them. Although the agency has repeatedly denied any knowledge of, or involvement in, Mr. Wilson's activities, questions linger about unofficial links

between Mr. Wilson and senior agency employees. Some Federal investigators believe that Mr. Wilson may have received tacit approval from agency officials to establish his ties to Libya in the hope that they would produce intelligence unavailable from other sources.

"The issues raised by Wilson's conduct transcend the question of his criminal culpability," said a ranking official in the Justice Department. "They deal with fundamental questions about the responsibility and morality of government agencies and the effectiveness of some of our most basic laws."

Mr. Wilson's ties to Libya, one senior State Department official said, are contrary to American interests and, in effect, constitute a serious national security problem.

Although his activities are regarded as a particularly dramatic abuse, officials believe that they illustrate the damage to the national interest that former intelligence and military officials can do when they attempt to capitalize on information and skills they acquired while working for the Government. Federal investigators said that hundreds of such former employees are involved in exporting military equipment and advanced technology overseas.

#### Problem Called 'Frightening'

"We frankly don't know how much sensitive technology and military equipment is being smuggled to foreign countries," said a senior intelligence official. "The dimensions of the problem are frightening."

Some officials engaged in the review of the long-term issues believe that the Reagan Administration and Congress have failed to grasp the significance of the Wilson case and to take the kind of steps necessary to prevent similar abuses by former agents. They said that the Administration should appoint an inter-agency body to review the national security, trade and law enforcement problems exposed by the case.

The best way to explore the question of what the C.I.A. knew and when it knew it, these officials said, would be an investigation by the Senate or House Intelligence Committee. The Senate committee, according to its chairman, Sena-

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ration. ... according to Federal law-enforcement officials and a former associate of Mr. Wilson's, were paid to obtain inside information on military contracts useful to Control Data. Control Data says that it did employ one of Mr. Wilson's companies but that it knew of nothing improper in the performance of that contract.

Until a more organized examination of the long-term issues takes shape, the work will apparently be handled on an ad hoc basis by individual officials in various departments working without overall direction or coordination, several of these officials said.

#### Law May Not Cover Activities

At the Justice Department, senior officials have begun studying whether the Wilson case shows a need for changing the nation's criminal laws. "A lot of his activities," one official said, "seem to have fallen between various laws and may have exposed a problem area."

In general, Justice Department officials said, the Wilson case has revealed weaknesses both in the United States criminal code and in the way it is enforced. "It's a systemic problem," said one official. He added, "The problems cut across agency lines."

Specifically, officials are looking at the Espionage Act, the Export Administration Act, the Arms Export Control Act, the Logan Act and the Neutrality laws, all of which have some relationship to Mr. Wilson's reported activities in Libya. What they are finding, these officials said, is that the laws do not always directly address the kinds of things Mr. Wilson is accused of doing.

For example, the Espionage Act of 1917, prohibits the transfer of classified information by government employees. The training of terrorists, however, does not necessarily involve classified information, and Mr. Wilson apparently began working for Libya after he left government employment.

#### Law Can Be Circumvented

The Export Administration Act and the Arms Export Control Act, which govern the transfer of advanced technology and military equipment abroad, directly apply to some of Mr. Wilson's activities, but officials said that the

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ON PAGE A-1

NEW YORK TIMES  
13 SEPTEMBER 1981

## Company of Ex-C.I.A. Aide Is Focus of U.S. Bribe Inquiry

The following article is based on reporting by Philip Taubman and Jeff Gerth and was written by Mr. Gerth.

Special to The New York Times

WASHINGTON, Sept. 12 — The Federal Bureau of Investigation is investigating an allegation that a company controlled by Edwin P. Wilson, a former employee of the Central Intelligence Agency, bribed a key Federal official with funds from the Control Data Corporation, according to Federal law-enforcement officials and a former associate of Mr. Wilson.

A spokesman for Control Data said that his company, the Minneapolis computer concern, had retained one of Mr. Wilson's companies to help Control Data gain Defense Department business.

Kevin P. Mulcahy, who worked for Mr. Wilson in 1978, has told prosecutors that some of the money that Control Data paid to the Wilson company was used that year to make monthly payments to Paul Cyr, who was head of Congressional relations for the Federal Energy Administration at the time and previously held the same post with the Army Materiel Command, according to a participant in the arrangement and Federal law enforcement officials.

### Meeting to Discuss Bugging

Mr. Mulcahy, a former C.I.A. employee, has also told Federal investigators that he attended a meeting with an Army procurement official and others in which a plan was discussed to gain inside information for Control Data by illegally bugging offices of the Army Materiel Command, according to investigators and a former Wilson associate.

Mr. Mulcahy does not know if the bugging plan was put into effect since he stopped working for Mr. Wilson in 1978, but he was involved in the Control Data contract long enough to have personally made at least one monthly payment of more than \$1,000 to Mr. Cyr, these sources add.

A spokesman for Control Data acknowledged that his company had contracted with one of Mr. Wilson's companies from 1976 to April 1979 to find military "business opportunities," but said that Control Data knew of no improprieties in the performance of that contract.

Mr. Cyr left the Department of Energy, which succeeded the Federal Energy Administration, a few years ago to become a consultant.

This article continues an investigation by The Times into the transfer abroad of advanced technology and military equipment by former United States intelligence agents and military officials.

Key issues involve Federal control over such transfers, how they were made and the role of the Central Intelligence Agency in the activities of Edwin P. Wilson, a former agent. Mr. Wilson and another former agent were indicted in 1980 on charges of exporting explosives to Libya to help train terrorists. Other former C.I.A. employees have business ties to Mr. Wilson.

Previous articles have reported on Mr. Wilson's use of Green Beret troops to train terrorists in Libya and evidence that investigators say links Mr. Wilson to the suspect in the attempted murder of a Libyan student in Colorado.

Reached by telephone today at his home in Virginia, he said, "I'm not interested in talking to you" about the reports involving him and Mr. Wilson's company. He then hung up.

The investigation of the payments to Mr. Cyr is one sign that the Federal investigation of Mr. Wilson has widened beyond its original focus of Mr. Wilson's selling of explosives to Libya, according to Federal law enforcement officials.

Investigators say they are also looking into whether Congressmen and other Federal employees, including officials of the C.I.A., received money through Mr. Wilson. But the investigators who are following up information from Mr. Mulcahy would provide no other details.

The Federal investigation has also broadened to include an examination of Mr. Wilson's dealings with several governments, including Egypt and Iran in addition to Libya, according to law enforcement officials and Mr. Wilson's associates.

Another Wilson deal under investigation, according to the same sources, is the sale in the mid-1970's of construction equipment by the Iranian government to construction companies in the United States and elsewhere. This transaction yielded Mr. Wilson and his associates a profit of more than \$25 million, according to one former Wilson associate, and also involved other former C.I.A. employees and top Iranian officials in the regime of Shah Mohammed Reza Pahlavi.

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Mr. Keats, in an interview, also said that Mr. Wilson denied news reports that portrayed him as being involved in "gun-running" and "terrorism."

### Grants of Immunity Aided Inquiry

Law enforcement officials say that the new indictments, as well as the new avenues of investigation, are a result of the increased resources assigned to the case and the prosecutors' ability to gain testimony, often in return for grants of immunity, from former Wilson associates.

While Mr. Wilson remains a fugitive from last year's charges, he met secretly with prosecutors earlier this year in an unsuccessful attempt to settle the case, according to a participant in the discussions.

The meeting, which took place last June in Rome, involved Mr. Wilson and E. Lawrence Barcella Jr., the assistant United States Attorney handling the case, according to others concerned with the case who participated in the discussion. These participants refused to discuss the meeting. But others sources said that the discussion, which touched on possible settlement of the charges, proved inconclusive.

Prosecutors have been attempting to monitor Mr. Wilson's movements since his indictment in the hope of apprehending him in a foreign country that honors the international fugitive agreement outstanding against him. They have held discussions with the Swiss authorities and Interpol officials about the possibility of extradition.

### Reagan Interested in Case

In recent months President Reagan and other top officials, including the assistant to the President for national security, Richard V. Allen, Attorney General William French Smith, Federal Bureau of Investigation Director William H. Webster and the director of Central Intelligence, William J. Casey, have expressed interest in the case, according to intelligence and law enforcement officials.

These officials say, these officials say, sent a message to Mr. Casey calling for the full cooperation of the C.I.A. in the case.

ELIZABETH DAILY JOURNAL (NJ)  
12 September 1981

STAT

## *Another CIA fiasco?*

CIA Director William Casey's is hoping to erase the CIA's latest embarrassment with an in-house investigation of the involvement of the agency or its alumni in the training of terrorists for, of all people, Libyan dictator Khadafy.

The results of that kind of limited inquiry might satisfy the CIA, but it is not going to dispel

public suspicions that the agency still is out of control.

The CIA will contend the matter is too sensitive to be exposed to public hearings, and that might be the case. But the questions raised do demand a full investigation by the congressional oversight committee charged with monitoring the agency.



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ON PAGE A1

THE WASHINGTON POST  
12 September 1981

## Firearms Bureau Investigation Justice Dept. Sent Briber

By Patrick E. Tyler and Al Kamen  
Washington Post Staff Writers

Federal investigators pursuing a "terrorism for hire" case against two former CIA agents have referred at least two cases of alleged bribery to the Justice Department for possible prosecution.

One case involves a former congressional liaison for the Army Materiel Command and later the Federal Energy Administration.

The bribery allegations, still under investigation, are contained in investigative case summaries compiled over the past two years by agents of the Treasury Department's Bureau of Alcohol, Tobacco and Firearms (BATF). The agents are part of a team of federal investigators that has constructed a broad criminal conspiracy case against ex-CIA agents Edwin P. Wilson and Francis E. Terpil.

The alleged conspiracy, spelled out in an April, 1980, grand jury indictment naming both men, involved the shipment of high explosives, electronic timers, prohibited night vision equipment and commando training for the regime of radical Libyan dictator Col. Muammar Qaddafi. It included an alleged \$1 million assassination attempt on behalf of Qaddafi against a dissident Libyan expatriate.

Prosecutors assigned to the case, E. Lawrence Barcelona and Carol E. Bruce, said they had "absolutely no comment" on the report.

In their summary, BATF agents state that Wilson and Terpil's activities in Libya have demonstrated "that the United States, in effect, has become a major supplier of hardware and technology in support of worldwide terrorism."

In part to further these alleged efforts, the confidential report continues, "They [Wilson and Terpil] are also known to bribe U.S. government officials to enhance their businesses as evidenced by the Paul Cyr referral and the William Weisenburger referral." Referral means that the cases are sent to the Justice Department for further investigation and possible prosecution.

Cyr, 60, a longtime Capitol Hill fixture in lobbying circles, was the chief congressional liaison for the Army Materiel Command during much of the 1960s and early 1970s. In the mid-1970s, he became the chief congressional advocate for the Federal Energy Administration (FEA) and when the FEA was succeeded by the Department of Energy, Cyr became the deputy director for congressional relations. He was not available for comment.

Weisenburger, a longtime CIA engineer, was fired

from his post in 1977 by then-CIA Director Stansfield Turner for assisting Wilson in constructing 10 prototype delayed-action timers for use in bombs in Libyan terrorist programs. Weisenburger also was available for comment, but a source close to the family said that he is not aware of the bribery allegations against him. The source said that Weisenburger felt he had been "duped" by Wilson into assisting with the electronic timer construction while on active duty with CIA.

Cyr, an avid sportsman with hunting partners who have included several congressmen, distinguished himself for behind-the-lines commando experience in World War II where he served in the Office of Strategic Services (OSS), a predecessor of the CIA.

The investigative report does not go into detail about the bribery allegations, but several sources familiar with the investigation said that they concerned alleged payments to Cyr to protect and promote Wilson's interests at a time when Wilson was trying to maintain his influence on

Capitol Hill in support of highly classified intelligence projects and other ventures involving the string of companies he ran out of offices at 1425 K Street NW. There is no indication in the report that Cyr knew anything about Wilson's Libyan activities.

Also included in the dozens of pages of investigative summaries are new and revealing details about the Wilson-Terpil operation:

• Wilson and Terpil allegedly lured three Cuban CIA contract agents to Geneva in September, 1976, by implying that their mission would be to assassinate, for the CIA, notorious international terrorist Ilitch Ramirez Sanchez, better known as "Carlos," and who is believed to

how to build bombs and other terrorist devices. The desert resort proposal never materialized.

• Prosecutors have obtained secret tape recordings of Wilson conversations with his onetime secretary, Eula Harper, who is cooperating with the grand jury investigation under a grant of immunity. Harper is the wife of John Henry Harper, one of the first explosives' experts recruited by Wilson from the ranks of his former CIA colleagues to help the Libyans build exploding lamps, ashtrays, coat hangers, teapots and other terrorist instruments.

The purpose of these exploding devices, which were assembled in a hideaway desert laboratory at the Winter Palace of Libya's deposed monarch, King Idris, according to the investigative summary, was described by Wilson: "You know, the colonel [Qaddafi] may sometimes have some young colonels or some officers or something that are getting out of line that he wants to send a present to."

The federal investigators, pursuing Wilson's worldwide business network and his effective use of former military and intelligence personnel, concluded: "Former Central Intelligence Agency personnel, military special forces personnel and U.S. corporations combine to supply products and expertise to whoever can pay the price."

Central Intelligence Agency



Washington, D. C. 20505

12 September 1981

Mr. Joseph Kingsbury-Smith  
The Hearst Newspapers  
1701 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

Dear Mr. Kingsbury-Smith:

Thank you very much for your letter of 20 August.

Although you raise an interesting question in your request for an interview, I rarely discuss publicly intelligence matters beyond the statements I make in occasional formal speeches.

From time to time I have entertained journalists at "off-the-record" breakfast sessions for general discussions of intelligence issues. In the near term my schedule does not permit such a session, but I will try to arrange one to include you in the near future.

With very best wishes.

Sincerely,

A handwritten signature in cursive script that reads "William J. Casey".

William J. Casey  
Director of Central Intelligence

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## Senate Retains 2d Counsel for Casey Inquiry

Special to The New York Times

WASHINGTON, Sept. 8 — The Senate Select Committee on Intelligence has retained a former senior Justice Department official, Irvin B. Nathan, as special minority counsel for its investigation of William J. Casey, the Director of Central Intelligence.

Sources familiar with the appointment said it would be announced soon by Senator Daniel Patrick Moynihan, Democrat of New York, vice chairman of the committee.

The committee has been reviewing Mr. Casey's financial activities and his appointment of Max C. Hugel as chief of clandestine operations at the Central In-

telligence Agency. The inquiry was prompted by Mr. Hugel's resignation in July amid charges that he had engaged in financial improprieties while in private business. Mr. Hugel has denied the charges.

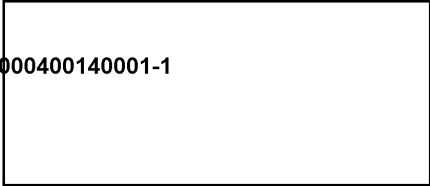
Mr. Nathan, who declined to comment on his appointment, is expected to work closely with Fred D. Thompson, a Nashville lawyer who was retained in late July as special majority counsel.

Mr. Nathan, 38 years old, was a Deputy Assistant Attorney General from January 1979 through February 1981. He supervised investigations related to organized crime and was responsible for overseeing prosecutions of

Congressmen and others that grew out of the Federal Bureau of Investigation's undercover Abscam inquiry into official corruption.

Mr. Nathan also supervised prosecutions that resulted from an F.B.I. investigation into labor racketeering and political corruption in the Southwest. The investigation led to the conviction of Carlos Marcello, reputedly one of the top leaders of organized crime in the United States.

Before joining the Justice Department, Mr. Nathan was a partner in the Washington law firm of Arnold & Porter. He returned to the firm last March.



THE WHITE HOUSE  
Office of the Press Secretary

PRESS BRIEFING  
BY  
LARRY SPEAKES

Old Executive Office Building  
Room 450

September 9, 1981

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SUBJECT

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# # #

Office of the Press Secretary

PRESS BRIEFING  
BY  
LARRY SPEAKES

The Briefing Room  
September 9, 1981

5:47 P.M. EDT

MR. SPEAKES: As anticipated, I will not be able to offer any detailed report on the meeting because there was no decision. Basically the President reaffirmed his commitment to balance the budget in 1984 and to have a seven percent real growth rate in defense.

Q You mean they spent three hours and that's all they said?

MR. SPEAKES: Now, I'll double back and tell you who was in the meeting and who spoke.

The meeting lasted, including the photo op, two hours and 35 minutes. Meese made some introductory remarks which summed up the previous meetings. The President spoke --

Q Do you have a quote?

MR. SPEAKES: Not really.

Q How about one? Half a quote? How about a paraphrase?

Q Will there be substantial cuts in the defense budget, Larry?

MR. SPEAKES: I just don't want to characterize them because the President --

Q Did everyone stay for the entire meeting?

MR. SPEAKES: Yes, everyone did. Meese spoke, then the President spoke.

Q In order of importance? (Laughter.)

MR. SPEAKES: Now that you remind me, the President did speak first. (Laughter.)

Q Is that backing away from your earlier statement?

MR. SPEAKES: Yes, backing away from the fact that Meese spoke first. No, the President spoke first and he stressed the need to balance the budget for 1984. He did point out that there is a necessity to be across-the-board cuts throughout the government. No department agency is exempt, but there will be no retreat from our determination to build up our military forces. You can directly quote that.

Q What is that again? "No" what?

MR. SPEAKES: " -- retreat from our determination to build up our military forces."

Q Did he say anything different or new? I mean, we know -- he didn't have to tell his group that, Larry, did he?

MR. SPEAKES: Okay. That was followed by a presentation --

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Q That was Meese or the President?

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MR. SPEAKES: The President. Meese then summarized the previous two meetings briefly, then Weinberger spoke for about 45 minutes in which he presented a number of charts, presented his options, that was followed by Stockman who spoke for about 45 minutes. And he also presented a number of charts and a number of options and then that was followed by a brief statement by Secretary Haig, a brief statement by CIA Director Casey, and a brief statement by Chairman of Joint Chiefs, General Jones.

Q When you say "brief", what do you mean?

MR. SPEAKES: Three or four minutes.

Q What did they say? Could anyone understand?

MR. SPEAKES: The President, in essence, made some suggestions. He probably spoke for 10 minutes at the conclusion of the meeting.

Q What did he suggest?

MR. SPEAKES: Walt, I just don't want to go into that until we're ready to make a decision.

Q He made some suggestions about what?

MR. SPEAKES: Concerning the specific course that he was interested in.

Q You mean the cuts?

MR. SPEAKES: Yes, I guess you could say that.

Q Did he characterize the kind of cuts he wants to make in defense?

MR. SPEAKES: No, he didn't specify.

Q Has the President decided any sort of a range of cuts? You said no decisions, but apparently he knows roughly how much money he feels needs to be cut out of the budget.

MR. SPEAKES: That's an over-simplified way to put what he was doing. I would say that he took the entire presentation, both the Department of Defense and OMB, under advisement without making any decisions.

Q You don't think he's any closer to a decision after today?

MR. SPEAKES: I'm sure he's closer in his own mind, but he certainly didn't announce anything.

Q Larry, did he tell you that you couldn't tell us anything? Did he tell you you couldn't say anything more than that?

MR. SPEAKES: He did not, but there was a general agreement in the meeting, until the President's ready to make a decision, that we won't make any announcements, which is our customary way of trying to do business.

Q Who's kind of thinking is that, Larry? Is that Meese?

MR. SPEAKES: No, it's not Meese.

Q Weinberger presented his presentation -- did you discuss cuts?

MR. SPEAKES: Yes. As he proposed earlier, he proposed a number of alternatives.

Q I mean, that was the main thrust -- he talked about cuts?

MR. SPEAKES: Yes.

Q Did he make an argument for no cuts at all?

MORE

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MR. SPEAKES: Yes, he did.

Q Who was that, Stockman?

Q Was there any give-and-take? Were Stockman and Weinberger going off one another or did they all speak for 45 minutes?

MR. SPEAKES: No, they both spoke 45 minutes and then Secretary Weinberger did speak briefly after the Stockman presentation.

Q So that they were able to respond to the Weinberger proposals?

Q Did Baker speak at all?

MR. SPEAKES: He did not.

Q In view of your account of Weinberger, can you reaffirm what you said recently about there will be undetermined cuts in the defense budget?

MR. SPEAKES: In the absence of a decision, I cannot say that absolutely, but I would anticipate yes, that there will be some. But I emphasize that the President has not made a final decision on budget cuts.

Q Larry, having heard the Weinberger presentation, can you now reaffirm what we have been reading for days, that even though he is resisting, he has suggested three different levels of cuts? Is that still accurate?

MR. SPEAKES: Basically he was not talking about three levels of cuts, but he was talking in general. He did make some presentations there but he was zeroing in on the cuts that he would recommend.

Q Specific programs?

MR. SPEAKES: The level cuts do affect specific programs but --

Q Are we talking about level A with these programs, level B with more programs, and level C with other programs?

MR. SPEAKES: That is true, but basically he was talking about levels and the levels would then affect programs.

Q Larry, is he still prepared to make the cuts that you told us he was prepared to make or is he no longer prepared to make the cuts that you told us that he was prepared to?

MR. SPEAKES: You are playing with words there.

Q Yes, that is right.

MR. SPEAKES: Jim Baker said he is prepared to make the cuts and I would presume that he is prepared to make the cuts but we are dealing with the words "prepared to make." He has made no decision.

Q Is it possible to cut the defense budget by the 20 to 30 billion that Jim Baker mentioned and maintain increased defense spending by 7 percent in real terms?



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MR. SPEAKES: Yes. It all depends though, Ralph, on what base you come off of, and that has not been decided.

Q Larry, can you say for sure that there was a characterized -- or a difference of opinion between Stockman and Weinberger? There was a difference of opinion?

MR. SPEAKES: Oh, yes. There certainly was.

Q Did they come closer together today?

MR. SPEAKES: I don't know whether it is any closer than it was before. Each has his viewpoint and as the President said, as a result of this meeting there will be no winner or loser in this debate. It will be the considered judgement and decision of all of us, and he said, "I believe that the country will ultimately benefit from what we do here."

Q It isn't like his earlier one, that he is the winner, huh? Like his earlier answers?

MR. SPEAKES: He did refer back to that and said that, "we said jokingly when the press was in here," and then he said this is what I --

Q What was the end of that, Larry, that statement?

MR. SPEAKES: What did I say? Ultimately --

Q Just read the whole thing over.

MR. SPEAKES: It is the considered judgement and decision of all of us and ultimately -- I don't have good notes on that --

Q Ultimately the country will benefit from what we do here.

MR. SPEAKES: Yes.

Q Larry, where does this indecision leave the Stockman timetable of going to the department heads?

MR. SPEAKES: You say indecision, Gilbert. You know, there was never one anticipated, so I don't want to indicate that --

Q You said that there would be guidelines drawn up.

MR. SPEAKES: I am sure that Stockman can proceed on rough guidelines in dealing with the departments and then be prepared for the Cabinet meeting next week. We are still on the timetable that we outlined this morning.

Q Are you saying that Weinberger has to wait until next week to find out how he fared?

MR. SPEAKES: There may be some discussions with him in the final determination on his budget. The President may make a decision and say, "Cap, this is what I have decided."

Q Has he set up a new meeting?

MR. SPEAKES: No.

Q When the President gave these suggestions in his 10 minutes of remarks at the end, did he indicate to those present a range within which he was thinking on these cuts?

MR. SPEAKES: He did, yes.

Q Larry, can I ask you if, when the President said he's going to balance the budget in '84, was there agreement that the budget could be balanced at all levels of the cuts that Mr. Weinberger proposed -- at all levels of the options? Or was there a point in the Weinberger options where it was generally agreed that the budget can not be balanced at this point?

MR. SPEAKES: It didn't come up in that context, Walt. They never addressed it in those terms.

Q Larry, why is the Defense Department getting a special hearing? The other departments aren't getting a -- are they? I mean, are they getting to sit across the table from the President?

MR. SPEAKES: They will, yes.

Q 45 minutes and --

MR. SPEAKES: As was indicated yesterday by David that the Defense decision has to come first and then the other departments will --

Q But they're not going to talk to the President one by one, are they?

MR. SPEAKES: If they have some appeals they want to make, yes. As I explained this morning, this '83 budget -- this is just the initial decision. Beginning October 1st, there's a series of meetings between every department agency and OMB.

Q Larry, would it be fair to say that with all of this prestigious group there -- the Joint Chiefs of Staff, the CIA man and all that that really there was a very strong chance given for defense to present its argument?

MR. SPEAKES: Yes.

Q And a very strong security concept there?

MR. SPEAKES: Yes.

Q Did the CIA man make a contribution of any kind?

MR. SPEAKES: Yes, he spoke at the end.

Q Did he say something or did he just say, "I hope you do it all right"?

MR. SPEAKES: No, he gave a three or four minute detailed presentation of his viewpoints on what should be done.

Q When you said the President indicated a range in which he was thinking on these cuts, can we assume then that Weinberger has a pretty good idea of where he stands now?

MR. SPEAKES: I would think so, yes.

Q Was he talking just about defense cuts?

MR. SPEAKES: Yes.

Q Did Stockman have some alternatives of his own -- Weinberger obviously had prepared to argue several courses. Did Stockman --

MR. SPEAKES: Stockman did also, yes.

Q Is that different from some of the original arguments he had made out in California, that is, when he presented the case for making rather deep budget cuts?

MR. SPEAKES: I don't believe so, Saul. I think it's basically the same argument. It's more refined and more detailed.

Q Where does it all stand now? What happens next?

MR. SPEAKES: It stands that the President is considering these various options --

Q So, now, the ball is in the President's court completely, isn't it?

MR. SPEAKES: That's right.

Q And he must make a decision over the weekend?

MR. SPEAKES: That's right, yes.

Q And he will be the -- now, this is -- it's all his baby?

MR. SPEAKES: Yes.

Q No more meetings of any kind?

MR. SPEAKES: No more meetings scheduled.

Q When does Stockman get to rework the budget so the other departments know?

MR. SPEAKES: I think he will proceed on it based on some of the rough outlines that he can gather from the meeting that he had today.

Q So, then he has a clear idea of how much is going to be cut in defense?

MR. SPEAKES: He has a basic idea of it. But I think it's all very tentative until --

Q There's a firm number there?

MR. SPEAKES: No, there's not, actually, there is not.

Q How can he work up --

MR. SPEAKES: I think he's going to have to proceed on a range and with various options, which I'm sure he's done already. He's not going to run out and then say, "I've got to figure for 49 other departments and agencies what they've got to take." I think all this has been prepared on various levels in the future -- I mean, in the past.

Q What was the atmosphere? Were there questions and answers? Were there tears, laughter?

MR. SPEAKES: Helen, it was mostly presentation by both sides, although the President did have some questions two or three times during the presentation and then at the end. He had made some notes as they went through and then spoke from those notes.

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Q Who did he ask the most questions of -- the President?

MR. SPEAKES: I didn't keep total, Sarah.

Q Do you think it was Weinberger or do you think it was Stockman?

MR. SPEAKES: I don't know -- probably split it right down the middle.

Q If you were grading this thing, which one would you say scored today?

MR. SPEAKES: I'd give both of them an A+. (Laughter.) I've been in PR too long.

Q Larry, did Ed Meese state his recommendations at the outset as well?

MR. SPEAKES: No, it was really what appeared to be to me a fair summary of what had gone on previously.

Q Did he talk about in the previous meetings Weinberger has said this and Stockman has said that and --

MR. SPEAKES: Yes, that's right.

Q When the President indicated a range, Larry, could you characterize it at all as high, low or middle?

MR. SPEAKES: I wouldn't want to

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characterize it, Don, sure wouldn't. And let me emphasize again that the President has made no decision and will not until next week. It's just some options that Stockman can begin to work with I would suggest.

Q Can you honestly say now that you think it is possible to balance the budget without the greatest range of cuts Stockman was proposing in the Defense Department budget?

MR. SPEAKES: Walt, that's the President's intention, yes.

Q That's not quite what I asked you Larry.

MR. SPEAKES: Your question is "possible"? I haven't seen the figures run on the options, but I know the President is committed to that goal whatever it takes.

Q Isn't that what this meeting was all about? I mean, it seems funny that you say that when the various options that Weinberger presented were brought forth, that the question of at what point will this accomplish balancing the budget or will not accomplish that, at what point factor in?

MR. SPEAKES: The point is that I think the President knows what it takes to balance the budget in '84 and how much -- we know we have got to have \$70 billion in '83 and '84, and so the President is going to make it total up to \$70 billion. So much from defense and so much from the other departments. That's the bottom line he is going after.

Q But there are limits to what you can get from domestic. You have got to squeeze so much from defense. How much do you have to squeeze from defense to balance the budget?

MR. SPEAKES: That has not been determined yet.

Q What did the President say when Weinberger said he did not want to cut at all? Tough?

MR. SPEAKES: It wasn't quite that simplistic.

Q What do you anticipate will happen when the President does make up his mind? Will he call Stockman on the phone and say, "Here's the range for what we're doing with the Pentagon. Go talk to everyone else?" Will he call Weinberger?

MR. SPEAKES: I would assume yes. As I say, my judgement is that Stockman has generally been able to work with the various options and a range of figures for all of the departments and I think that he can refine that to some extent now. Begin talking to the departments and then when the President finally makes his decision the first of next week, then he will announce it to the Cabinet. They will have a general idea of what they are expected to do.

Q Announce it how? At a Cabinet meeting?

MR. SPEAKES: Yes.

Q Will he call the cabinet in?

MR. SPEAKES: Yes. There is one scheduled early next week, although the date is not firm.

Q Larry, to follow up Helen's question, to which you said there in no simple answer. You have said that Mr. Weinberger argued against any defense cuts. And leaving the President out for a moment,

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did Mr. Stockman respond with counter arguments?

MR. SPEAKES: Weinberger would prefer that there be no cuts in the projected spending on defense, as projected in the March figures. However, he did present some options --

Q But he did say, or he did argue against defense cuts if he could get away with it?

MR. SPEAKES: Yes, he stated his preference.

Q Did Stockman argue his side of the question?

MR. SPEAKES: When Stockman made his presentations, he indicated that he feels that there have to be cuts in defense in order to achieve the goal of the balanced budget. And Weinberger, earlier in his presentation, had indicated various levels of cutting. Each was dealing with the other's figures.

There has been an OMB proposal, and Weinberger was indicating what that would mean on the defense budget in '83 and '84.

Q You are indicating that the President went along with Stockman by saying there had to be cuts in every department to balance the budget?

MR. SPEAKES: The President has always said that.

Q Did they discuss the '82 defense budget figures? Cuts?

MR. SPEAKES: There was some discussion of that, but mainly that the implications that the '83 cuts would have on '82. But there was some discussion of that. It was presented in some of the charts.

Q Robert Michel, Representative Michel and Senator Baker today suggested the possibility of credit controls if interest rates do not come down. Would the President look with favor on such an idea?

MR. SPEAKES: Credit controls? Wage and price controls or --

Q Or some other form of credit control, so that they can take --

MR. SPEAKES: I hesitate to make a snap judgement on it. That did come up in discussion with the President this morning, and right now there is no consideration being given to it. I guess that is the best way for me to answer it. I wouldn't want to lead to any speculation that there would be. It just has not come up. Historically, we have had a position that we would not favor that.

Q What, wage and price controls? How did it come up?

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MR. SPEAKES: I think we read that they said this today.

Karna points out that Weidenbaum said this morning that it would be an unusually cold day in Hades when we would consider wage and price controls.

Q When did he say that, Karna?

MR. SPEAKES: I think he made a speech today.

MS. SMALL: He said it in a conversation when I asked him.

Q Is the President going to the Pentagon tomorrow, and if he does, is he going to make substantive remarks or is he going to make remarks at all?

MR. SPEAKES: I haven't seen the remark. It is for the dedication of the MacArthur Hall. I'm sure that it will deal with a strong national defense.

Q Is it a prepared address so that we will have an advance text?

MR. SPEAKES: I would judge that it will be brief remarks.

Q What time is the Cabinet meeting tomorrow?

MR. SPEAKES: I think it is a noon lunch. It is, I'm told.

THE PRESS: Thank you.

END

6:14 P.M. EDT

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ON PAGE 1

NEW YORK TIMES  
6 SEPTEMBER 1981

## Ex-C.I.A. Agent's Associates Run Arms Export Concerns

The following article is based on reporting by Philip Taubman and Jeff Gerth and was written by Mr. Taubman.

Special to The New York Times

WASHINGTON, Sept. 5 — A series of interlocking businesses here that transfer advanced technology and sensitive military equipment to foreign governments, especially in the Middle East, are operated by a group of men once closely associated at the Central Intelligence Agency with Edwin P. Wilson, a former C.I.A. agent who has been charged with illegally shipping explosives to Libya.

One of the companies, A. P. I. Distributors Inc., a petroleum services corporation that has employed at least four former C.I.A. agents, was established by Mr. Wilson in 1978 for Thomas G. Clines, who was an active senior agency official at the time, according to Mr. Clines. Another Clines company, Mr. Clines said, was started with a loan arranged in Switzerland that involved Mr. Wilson's Geneva attorney, and Mr. Clines said he could not rule out the possibility that Mr. Wilson was involved in the loan.

Another of the businesses, the Egyptian American Transport and Services Corporation, known as Eatsco, has an exclusive contract with the Egyptian Government to handle the shipment to Egypt of billions of dollars in military equipment bought in the United States. Mr. Clines said he owned 49 percent of Eatsco.

Federal investigators say there is additional evidence linking Mr. Wilson to some of the companies. For example, notations about Eatsco and an affiliate appear in handwritten notes made by a man charged with attempting to murder a Libyan dissident last year in Fort Collins, Colo., Federal law enforcement officials said. These officials said they had evidence that made them believe that the notes were made by the suspect, Eugene A. Tafoya, during or after a meeting with Mr. Wilson. The officials believe Mr. Wilson may have arranged and financed the assassination attempt.

None of the men or corporations have been accused of criminal conduct, according to Federal authorities. All the businessmen involved denied having any current business or financial rela-

tionship with Mr. Wilson. Mr. Wilson's name does not appear on any of the companies' incorporation papers. Mr. Clines said in an interview yesterday that his former ties to Mr. Wilson had "haunted" him and hurt his business.

### An Emerging Puzzle

The extent to which these men and companies may be linked to Mr. Wilson is part of the emerging puzzle about all of Mr. Wilson's activities over the last decade.

Already, that puzzle has raised questions for many senior Government officials about the Government's lack of control over the transfer of sensitive technology abroad by former senior military and intelligence officials. They also say they are troubled by the C.I.A.'s inability to prevent private misuse of intelligence and international connections by its current and former employees.

The sale of advanced technology and military equipment abroad is carefully controlled by Federal law and Government regulations that are enforced by the Department of Commerce and the Department of State, but officials at both agencies acknowledge that the laws and regulations have frequently been circumvented by Mr. Wilson and others.

C.I.A. officials say the agency has no mechanism to prevent former employees from capitalizing in private life on intelligence connections and information they acquired while working for the agency. William J. Casey, the Director of Central Intelligence, announced earlier this summer that, largely in response to Mr. Wilson's activities, he had ordered a review of agency policies in this area.

Officials said, for example, that they were concerned that Mr. Wilson had used agency employees in his personal business activities. In one instance in 1976, Mr. Wilson, who was no longer working for the Government, secured the help of key C.I.A. officials in an unsuccessful effort to sell highly sensitive surveillance equipment to Egypt, according to former Wilson associates.

According to Justice Department officials, in another instance, also in 1976, Mr. Wilson hired Rafael Quintana, a for-

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NEW YORK TIMES  
6 SEPTEMBER 1981

# The C.I.A.'s Unclassified Loose Cannons

By PHILIP TAUBMAN

WASHINGTON— Can the United States prevent former C.I.A. agents from selling skills and knowledge acquired on the job to foreign governments or organizations? Does the Central Intelligence Agency inform other American Government branches when ex-agents, engaged in private business, falsely claim a continuing C.I.A. association? William J. Casey, the Director of Central Intelligence, has been asking these and related questions in the wake of disclosures that two former agents, Edwin P. Wilson and Frank E. Terpil, have been selling their expertise in intelligence, arms and explosives to the Libyan Government to train terrorists.

Federal investigators said Mr. Wilson and Mr. Terpil had recruited former Army ordnance experts and veterans of the Special Forces, or Green Berets, by suggesting that the Libyan operation was sanctioned by the C.I.A. When Luke F. Thompson, a Green Beret master sergeant, asked permission to travel to Libya while on active duty, military officials said they were told by intelligence officials that the Libyan enterprise was legitimate. The Central Intelligence Agency, however, has strenuously denied any involvement or approval.

As Justice Department investigators and others have tried to reconstruct the events, it has become clear 1) that the C.I.A. has no mechanism to prevent former agents from selling expertise abroad, provided they do not sell classified information, and 2) that lines of communication between the agency's clandestine services and other Government agencies are often murky.

Intelligence officials acknowledged the need for reform on both points, but said the issues were complex and intractable. In July, Mr. Casey ordered a review of policies governing the transfer of information and technology by former agents. His aides said the review was progressing slowly, largely because solutions, to be effective, are likely to require new Congressional action.

Mr. Casey's agency now has three forms of leverage over former agents. The most important, the Espionage Act, provides that active or former agents who supply foreigners with classified information may be subject to prosecution for treason. But in the Libyan case, espionage laws do not apply, intelligence officials said, because Mr. Wilson and Mr. Terpil apparently have not provided classified information. Training terrorists to build bombs and assassinate enemies isn't a classified matter, they said.

## What Will Congress Say?

There is also a conflict of interest prohibition. Based on Federal law, the regulation forbids former employees from profiting by business with the Government. While this might prevent a former

contract work, it is unlikely to deter him from selling services to a foreign government.

Finally, every C.I.A. employee must sign a secrecy oath that, among other things, requires prepublication review by the agency of writing that deals with intelligence or intelligence sources. The Supreme Court upheld the secrecy oath last year, ruling that a former agent, Frank W. Snepp 3d, who published an account of the fall of Saigon without agency approval, had "deliberately and surreptitiously violated" his obligations. But this sanction, too, has little bearing on the Wilson-Terpil type of activity.

"It's pretty obvious," a senior intelligence official said, "that we have very limited authority to prevent or deal with men like Wilson and Terpil. All we can do is to tell the Justice Department what we know and hope they can make a case." But policing the activities of former Government employees raises civil liberties issues. "You can't have it both ways," an intelligence official contended. "First we were told to lay off spying on Americans. Now people want to know how come we can't keep track of people like Wilson."

Indeed, there would likely be opposition in Congress to authorizing the Central Intelligence Agency to keep former agents under surveillance. Yet, the agency's critics say, there seems to be an imbalance when the agency can ask the Government to sue former agents for writing unauthorized books, but is powerless to act against former agents training foreign terrorists.

Agency officials insisted that they did not need new rules or laws to control the flow of information about covert operations. They said they did not understand how military intelligence officials got the impression, in 1977, that the agency was sponsoring or even condoning actions by current and former Green Berets to train terrorists in Libya. The Army is not sure either. Efforts to track the flow of information were inconclusive. Military and intelligence officials familiar with covert operations noted, however, that to conceal clandestine activities, the C.I.A. sometimes employs outsiders.

This world of shadows and mirrors provides a fertile environment for someone purporting to be an agent, officials said. Mr. Wilson, for example, long after his association with the C.I.A. had ended, casually dropped the names of active agency officials in conversations, leaving the impression he was still operating under deep cover. Despite that pretense, intelligence officials said, the Army and Green Beret command should have been able to determine from the C.I.A. whether Mr. Wilson's Libyan operation was officially sanctioned. "There is communication between agency operations people and the Defense Department, especially the Green Berets, and it's open enough to have covered a matter like this," a former intelligence official said.

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HUMAN EVENTS  
5 September 1981

## El Salvador 'White Paper' Flap

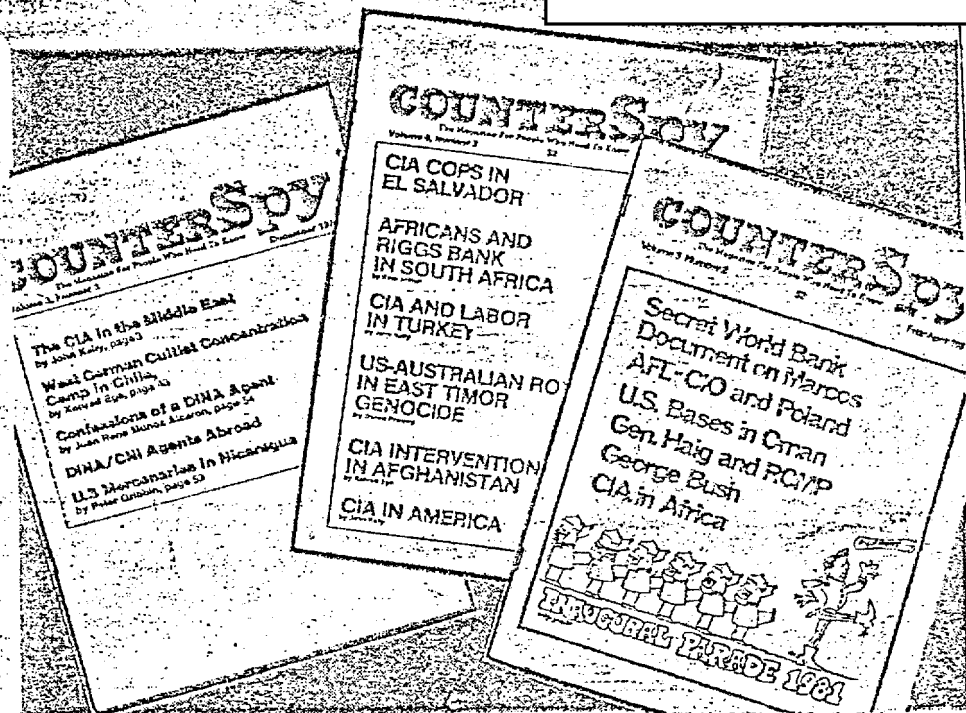
# Why Do U.S. Media On Far-Left Sou

The *Wall Street Journal* has let an interesting cat creep out of the bag. It has long been believed that many of the media's reporters on intelligence matters and Latin American events are continuously spoon-fed information by far-left extremists, some of whom—like CIA defector Philip Agee—are dedicated enemies of the United States. The *Journal*, through the obvious naivete of its executive editor, Frederick Taylor, has inadvertently confirmed this far from unimportant fact.

Because HUMAN EVENTS attacked the *Journal's* savage critique of the State Department's White Paper on El Salvador, Taylor finally felt impelled to offer a "defense" in the August 21 edition of his paper. But in so doing, he waded through a lot of little land mines that have exploded all about the *Journal* and Taylor himself. What emerged from his defense was that the *Journal* has, in certain instances, become a pawn of a viciously anti-American element, including Agee himself.

The unassailable thrust of the White Paper is that the Soviet bloc, with Cuba in the forefront, has been busily helping guerrillas to overthrow the non-Communist government in El Salvador. Whatever "flaws" the document may contain, its core point—supported by captured documents, weapons and intelligence sources—is indestructible.

Yet the *Journal* on June 8—much to the comfort of the radical-left both here and abroad—published a front-page assault on this document, with the apparently obvious intention of destroying its credibility entirely. Written by Jonathan Kwitny, the article charged that the White Paper was strewn with error. The headline im-



The viciously anti-American publication, CounterSpy, has been exposed as a source of information for two Wall Street Journal reporters.

Cloud U.S. "White Paper" on Reds in El Salvador. The kicker reads: "Tarnished Report?" (The *Washington Post* weighed in with a similar slam the next day.)

By implying that the State Department had trumped up or highly exaggerated Soviet-bloc involvement, the *Journal* piece became a godsend to those opposed to the U.S. policy of helping the Salvadoran government resist the insurgents. And, indeed, in many respectable quarters, the *Journal* article was cited as a reason to be skeptical of the U.S. position.

But the *Journal* piece, it developed, was itself seriously flawed—per. Not only was it factually inaccurate in many places, but it was strikingly similar in content to a

however, was never alluded to in the *Journal* story. And so in our July 11 issue, we carried an article called, "The Invisible Hand of Philip Agee."

Taylor vigorously denies that the *Journal* was a dupe of Agee or anyone else, indicating that a primary source for his publication's criticism was an analysis of the supposedly defective White Paper itself. Well, the reader will have to make up his own mind, but even Taylor acknowledges that "Kwitny picked up a copy of the Agee critique in the Washington office of an organization that worked with Mr. Agee..." and that Agee's analysis "was one among others that Mr. Kwitny used to the questions to ask the State Department."

# MX can deck Soviets: CIA

## Study gives 1st-strike threat big boost

By LARS-ERIK NELSON

Washington (News Bureau)—The Central Intelligence Agency has concluded that Russia's land-based missile force, the heart of Soviet nuclear weaponry, is more vulnerable than previously thought to an attack by America's proposed MX missile, government sources said yesterday.

The new, secret CIA estimate raises the prospect that, if the controversial MX should be developed and deployed, the United States would have a high-confidence capacity to destroy Russia's land-based missile force in a preemptive first strike.

Paradoxically, the development of any such weapon increases the likelihood of Soviet nuclear attack on the U.S., opponents of the MX say. They say that the Russians would strike before the U.S. deployed a missile that could disarm them.

The MX is currently the center of a debate about President Reagan's defense budget, his nuclear strategy and his commitment to arms control. Proponents of the weapon have said it would close a "window of vulnerability" that allegedly threatens the current U.S. land-based missile force, which is buried in fixed silos. Opponents say it would destabilize the existing nuclear balance and lead either to an arms race or a preemptive Soviet attack.

REAGAN INDICATED last week that he is firmly committed to proceeding with the MX, a 72-foot, 10-warhead missile that is estimated to cost between \$34 billion and \$70 billion over the next five years. It was designed for two purposes: as a mobile weapon less

easily targeted than a missile in a fixed silo, and as a highly accurate "silobuster" capable of destroying heavily protected Soviet missiles and command centers.

The Pentagon acknowledged last week, however, that a Soviet attack could annihilate the MX in either of the two proposed mobile basing modes now under construction.

The silo-busting capacity alarms supporters of arms control. In theory, the U.S. would use a silo-busting missile only in a retaliatory strike on Russia. But MX opponents say the Russians have no way of being sure that the MX would not be used for a first strike on their 1,398 land-based missiles.

The threat of Soviet missiles accurate enough to destroy America's land-based missiles inside their silos was the reason the Carter administration decided to proceed with the multibillion-dollar MX program.

ONE SKEPTIC suggested that CIA Director William Casey had approved the new estimate of increased Soviet missile vulnerability to provide Reagan with a political justification to go ahead with the MX.

According to this source, it did not dawn on Casey that the MX, by threatening Russia with a first strike, would destabilize the U.S.-Soviet nuclear balance.

Another source said the revised CIA estimate was not the result of any newly discovered accuracy on the part of the MX—which can land within 300 feet of its target after a 5,000-mile flight. Rather, he said, the CIA had probably lowered its estimates of the hardness of Soviet missile silos.

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WASHINGTONIAN  
September 1981

# CAPITAL COMMENT

**OSS Old Boys:** Who really saved William Casey from being dumped as director of the CIA? Alumni of the OSS, the World War II intelligence forerunner of the CIA. The OSS old boys, now in their sixties and seventies, rallied behind Casey, one of their own, and generated strong support for him in the press and on Capitol Hill.

## CAMPUS HIJINKS

There was certainly something to chortle about in the destabilization of Max Hugel, the New Hampshire businessman and political hack William Casey brought aboard as his number-two man at the Central Intelligence Agency last January. Hugel was first an executive assistant to Casey, but when he was appointed to head the prestigious dirty tricks section of the spy agency, it turned out his experience in these matters was limited to an illegal stock manipulation in one of his companies several years ago.

Apparently, Hugel was underqualified. A stock manipulation or two would normally not be something over which CIA types would get exercised. After all, CIA Director William Casey is even more vulnerable than Hugel on this account, and one of the great untold stories is the extent of embezzlement of operational funds *inside* the agency. But Hugel clearly did not have the support of the Ivyish, pipe-smoking old pros with the strong chins who make up the clandestine services of the CIA—a bunch in retreat over the past half decade, but recently feeling their oats with the election of Ronald Reagan.

Intelligence aficionados were snickering in their martinis at bars near the White House as they savored front-page revelations in *The Washington Post* of Hugel's misdealings. The story in *The Post*—known in many embittered corners here as "*Pravda* on the Potomac"—carried the byline of Metropolitan Editor Bob Woodward, once the whiz kid of Watergate but more recently the embarrassed midwife of the Janet Cooke fairy tale.

It was easy to conclude that the ouster of Hugel was, in fact, one of the more clever dirty-trick operations to surface in recent years. The old pros of the CIA had been grumbling for months that Hugel, a Pinky Lee kind of loudmouth who alienated many in Reagan's entourage during the 1980 campaign, carried exactly the wrong bag of qualifications into the quiet corridors of the CIA's forested Virginia "campus." Where he was direct, the job required obliqueness; where he was brashly and arrogantly obtrusive, the post required discretion. And finally, where the job called for decades of

heart-pounding experience as a spy all alone out in the cold, Hugel's career had been that of the back-slapping salesman arranging phony stock deals over Scotch at the country club.

He had to go. And to all insiders here, it appeared the sweetest of covert operations: The seamy details of Hugel's business past, in all likelihood, originated within the Old Pro circuits of the CIA itself. And what better a conduit than Bob Woodward, generally credited (unfairly, I think) with ridding the country of Richard Nixon. Thus, the operation carried the requisite "plausible denial." Woodward and *The Washington Post* went after poor Max Hugel because they're commies and they hate anything CIA-ish and, especially, anything Reaganesque, right?

Wrong.

Having possibly put his—however reluctant—imprimatur on the Hugel purge, Casey himself may reap the continuing whirlwind. The dirty tricks boys are hungry, and may quickly covet the top job for one of their own waiting in the shadows. After all, Casey has real reason to worry; in addition to the recent Multiponics Company charges, the record (from hearings on his confirmation as Securities and Exchange Commission head in 1971) shows:

¶ In 1961, as chairman of Advancement Devices, Inc. (ADI), Casey settled out of court a suit that charged him with purveying false and misleading information in a company prospectus. At the time, he was also ADI's attorney—a dual role labeled by Senator William Proxmire "a clear and obvious conflict of interest which to this day he still refuses to recognize."

¶ In 1965, as part owner and chairman of the Kalvar microfilm company, Casey was sued by stockholders who charged he sought to evade California securities laws during the takeover of another company. Proxmire excoriated Casey's "attitude about the ethics of circumventing the California law."

¶ In 1959, as an editor with the Institute for Business Planning, Casey was sued for plagiarism by a writer who had entrusted him with merely delivering a manuscript to another publisher. Casey instead used it for his own company. The jury awarded the plaintiff \$40,425.

¶ At the height of the Watergate investigations, Congressional probers sought records inside the Securities and Exchange Commission, where Casey was chairman, regarding questionable campaign donations by International Telephone and Telegraph to Nixon. Casey turned the records over to Attorney General and campaign manager John Mitchell for "safekeeping."

Casey was in trouble for another case of stock manipulation even before these old cases were hurled at him. But blood was in the water, and it's hard to tell when the mess will be cleaned up.

It's just like old times.

Jeff Stein

COMMENT

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# The CIA: Incorrigible

The dispute over CIA Director William J. Casey's fitness to hold that exalted office has, almost coincidentally, turned up new evidence that the agency is still in business at the same old stand. After all the disclosures of crimes committed in the past at home and abroad, after Congressional investigations, pledges of reform, new rules, and purges of tainted personnel, the CIA of 1981 is essentially the same agency that sponsored the Bay of Pigs invasion and gave the Mafia a contract to "terminate" Fidel Castro.

The Casey controversy began with questions about the director's judgment in appointing Max Hugel, an ultraconservative businessman accused of improper stock dealings, as director of the CIA's clandestine operations. Hugel resigned, but it transpired that Casey, too, had been involved in business practices that were—well, questionable. Some prominent Senators, including conservative stalwart Barry Goldwater, called for Casey's scalp, while President Reagan pledged "full confidence in Mr. Casey."

Amidst all this, a few members of the House Select Committee on Intelligence let it be known that they had been briefed on a CIA plan to "destabilize" and ultimately topple the regime of the Libyan leader, Colonel Muammar Qaddafi. The members of Congress were alarmed—especially since they suspected that the CIA's scheme encompassed a plot to assassinate Qaddafi. They conveyed their concern to President Reagan—and someone leaked it to the press.

Once the word was out, it was necessary, of course, for the White House to disavow the CIA plan and to declare that the Administration "does not condone the assassination of foreign leaders or the overthrow of foreign governments by the U.S. Government." Such assurances have been given before, by other Administrations. They are meaningless.

What the CIA apparently had in mind was a gradually escalating campaign against Qaddafi, beginning with propaganda designed to embarrass him, moving on to the establishment of a rival government, and culminating in "domestic" insurrection and guerrilla war. The CIA's role in all of this would, of course, be hidden. The CIA's familiar pattern: With only slight variation, it



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had been followed in Iran, in Guatemala, in Chile, and elsewhere.

No one would dispute that Colonel Qaddafi is a thorn in the side of the U.S. Government—and of many others, too. He has been depicted as the financier and arch-plotter of global terrorism, and a recent *Newsweek* cover suggested he was "the most dangerous man in the world." He is, in fact, widely believed to engage in precisely the sort of activities that are the CIA's standard stock in trade.

That is the problem with our incorrigible CIA: It is a terrorist organization in design, purpose, and execution, and if the American people ever decide that they don't want of terrorism, they will have to begin by dis-

mantling the CIA. Not "reforming" it, or regulating it, or subjecting it to "guidelines," or investigating it, but putting it out of business.

No great power—no small power, for that matter—can be expected to forego the business of spying. Presumably the United States, while it exists as a nation, will maintain an intelligence agency of some sort. But there is no requirement, in law or in practical necessity, for such an agency to engage in international gangsterism; in fact, what the spooks light-heartedly call "dirty tricks" have repeatedly been shown to interfere with the serious business of intelligence gathering.

In the context of the CIA's incorrigibility, the debate over William Casey's

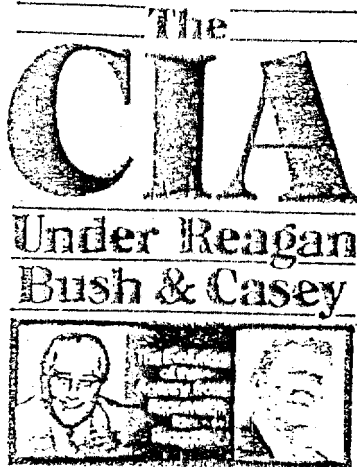
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qualifications to serve as director is a silly diversion. What difference does it make whether the job is held by an honest man or a crook, by a genius or a fool, when the agency itself is primarily a criminal enterprise? The question is not who should run that unsavory show, but how to shut it down.

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**Ray S. Cline**

Dr. Cline is a Senior Associate at Georgetown University's Center for Strategic and International Studies and an Adjunct Professor in the School of Foreign Service. He served as defense and foreign policy advisor to Ronald Reagan and George Bush during the 1980 election campaign. Ray Cline worked for more than 30 years for the federal government and served as the CIA's Deputy Director for Intelligence and as Director of Intelligence and Research in the Department of State. He is the author of numerous magazine articles, studies and books, including *Secrets, Spies and Scholars* (Acropolis Books, 1976).

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