

07 JUL 1988

ICS 3578-88
20 June 1988

MEMORANDUM FOR THE RECORD

SUBJECT: CIA and NSA Testimony on Industrial Security to the Oversight and Evaluation Subcommittee of the House Permanent Select Committee on Intelligence [redacted]

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1. The hearing took place on 15 June 1988 in room 405 of the Capitol building. Testimony was given by [redacted] Director Counterintelligence Center, Mr. Henry P. Mahoney, Deputy Director for Administration, and [redacted] Director of Civilian Security, National Security Agency. Members present were Mr. Anthony C. Beilenson, Chairman, Mr. Henry J. Hyde, Mr. Bud Shuster, Mr. Bob McEwen, Mr. Bob Livingston, Mr. Bernard Dwyer, and Ms. Barbara Kennelly. Also present were [redacted] Director Community Counterintelligence and Security Countermeasures Office, [redacted] Deputy Director of Physical and Technical Security, Office of Security (OS) CIA, [redacted] Chief OS/Clearance Group, [redacted] Chief OS/Polygraph, [redacted] Special Assistant to the ADDO/CI, and Ray Misklock, Chief of the CI Staff, State, Bureau of Diplomatic Security.

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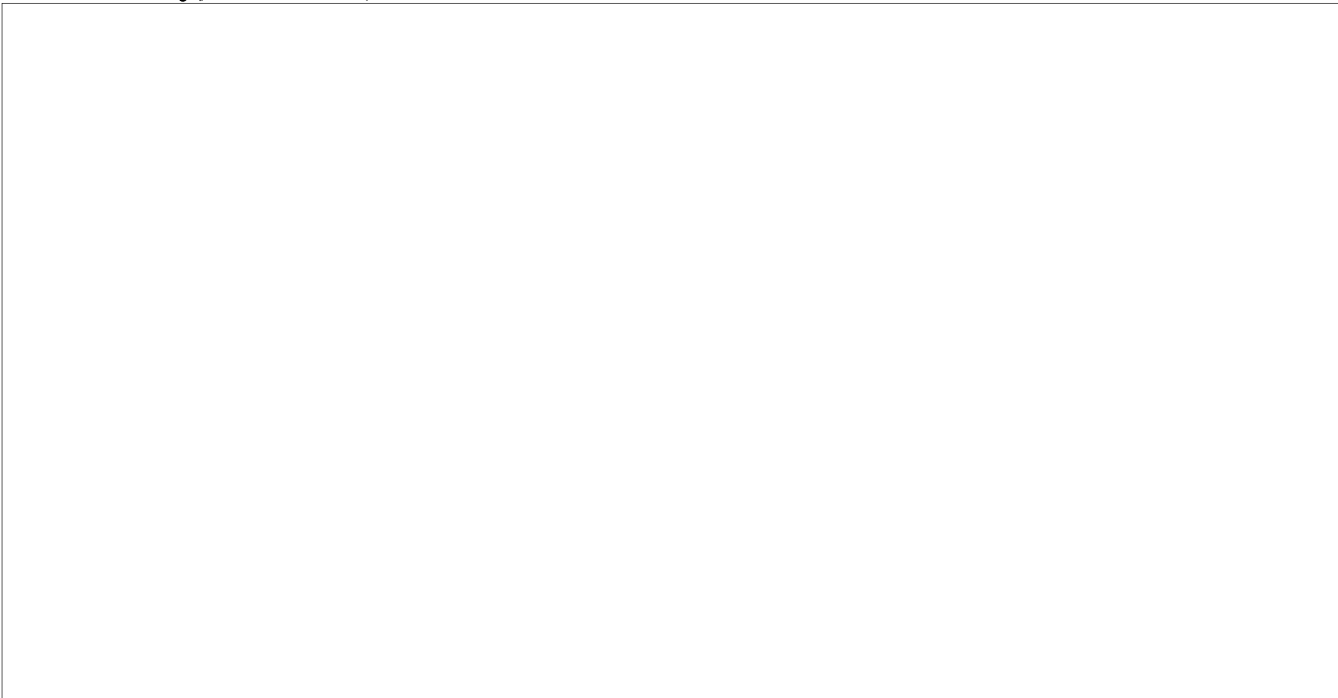
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2. The subcommittee members were very concerned with classified information leaks to unauthorized individuals, consequences of the Howard, Pelton, and Walker cases, Agency cooperation with the FBI to prevent future incidents such as these, leaks to the media by Agency personnel, and the use and efficacy of polygraph testing. The following is a recollection of the testimony, members questions and briefers replies.

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4. Chairman Beilenson asked the consequences of disapproving 231 contractor personnel for clearances. Mr. Mahoney said that the relationship with the contracting firm is not affected, but the individuals not cleared are simply not allowed to work on classified projects. Mr. Beilenson asked if the clearance disapproval is passed on to other agencies and [REDACTED] Chief of the Office of Security's clearance group answered that the disapproval is not passed on, but any other agency attempting to clear that individual through the National Security Check would reveal that the individual had been disapproved by the CIA and the reason for the disapproval.

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5. Mr. Beilenson then turned to the growth of clearances and asked how many had been eliminated. [REDACTED] replied that they had been working the problem for twenty months and had reduced the number of unnecessary clearances by about 5,000. Mr. Beilenson said that was a pretty heavy reduction and asked if, in general, the testifiers felt better about security now than they did two or three years ago. Mr. Mahoney stated unequivocally yes. Turf battles between Office of Security and Office of Medical Services have been eliminated and a psychologist is present during polygraphs. Mr. Mahoney felt that applicant and staff screening had provided the biggest contribution to enhancing Agency security.

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6. At this point, Mr. Hyde asked how stringent the new security procedures were. Mr. Mahoney said that new employees are re-polyed and reinvestigated after three years and staff personnel every five years. Mr. Hyde then asked how much was lost when Howard passed information to the Soviets. [REDACTED] replied [REDACTED]

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