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[Israel], and a contract agent in New York. In addition to the Office of the Chief (including two special assistants and a Secretariat) the Staff was composed of seven "Divisions" and four "Groups."

For fiscal year 1958 the CI Staff budget was \$²⁴1,650,000. The sum of \$²⁴1,800,000 was allotted for Fiscal Year 1959, and \$²⁴2,060,000 was to be requested for 1960. Specific figures were quoted in the appropriate sections for projects or support, such as travel. Otherwise the budget was almost solely for salaries of Staff personnel.

The survey next gave brief attention to deception, agreeing that it had to be carefully compartmented and that it best belonged in the CI Staff. On the subject of the Special Investigation Unit, however, the survey took its first serious exception to the organization and operation of the Staff stating:

"Hence, in order not to contaminate a senior staff (CI Staff) with Agency employee investigation and/or exploitation, this should be done by individuals with CE ability within a special section of the Office of Security. It is

"Recommended that:

"a. The DD/P release for assignment to the Office of Security several individuals, as may be appropriate, of proven CE ability to handle and exploit all cases of CE aspect involving Agency personnel;

"b. SID and its function be eliminated from CI Staff; and

"c. The DCI approve the above recommendations."

The survey team took special note of the Projects Branch of CI Staff, the section that handled the mail opening project. How it was operated and viewed in 1959 is not without interest in view of its subsequent role in the "Family Jewels" issue when it was revealed to the Rockefeller and Church Committees. Thus it is revealing to note the 1959 survey found nothing wrong with

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the mail opening program except they worried about its security and also thought it would be more effective if expanded. This is how the survey described the project in 1959:

"a. The Project Branch conducts a project of censorship within the US of mail from the USSR which is called HTLINGUAL. Originally this project was developed by the Office of Security at the request of SR Division in 1952. Its purpose was to identify and to obtain samples of handwriting and basic background facts on long established correspondence between persons in the USSR and the United States. Such information was to be used operationally to sustain any communications with secret writing, which would likely pass the Soviet censors and could be picked up in the U.S.A. The interception is done at the central Post Office in New York, and the letters are delivered to the Agency for processing and return. As the need for Soviet communication camouflage lessened with the increase of legal travel to and from the USSR the Project was re-oriented and expanded toward direct CI and FI goals in September 1956, and it was taken over by the CI Staff.

"b. At present this group includes ²⁴ five employees in New York and fifteen at Headquarters. Those in New York are under the Office of Security; those in Headquarters under the CI Staff. The yearly cost is the total of the various salaries.

"c. The primary purposes of this Project are to produce CE information, operational leads and any positive intelligence that can be gleaned from the mail.

"d. The operation in New York photographs about 50,000 envelopes per month out of a total of about 200,000 letters coming from the USSR to individuals in the U.S.A. via New York. These films are forwarded to Headquarters and examined in the Projects Branch and some 10,000 of them are selected on the basis of Agency interest in the areas of origin in Russia. These 10,000 negatives are then made into prints, and the names of the addressees are recorded alphabetically on IBM cards. From the IBM cards RI makes a continuing record and a copy of this record of names is returned to the Projects Branch.

"e. About 1,000 of these intercepts are opened per month in New York by the Office of Security, the letters verifaxed and copies sent to the Projects Branch at Headquarters. There is a watch list of some 500 names on file both in the Branch at Headquarters and in the Security Office in New York and any letters coming from or going to any of the names

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any of the other geographic divisions. If the divisions had any significant cases, Kalaris was unaware of them because the divisions were giving him nothing of substance. McCoy's arrival in the staff made this picture unmistakably clear since, fresh from SE Division and a position therein that made him privy to virtually all the division's sensitive cases, he was able to tell Kalaris what he was missing on the SE front.

It also before long became evident that there was an element of a two-way street in this situation. Soviet-East European cases were discovered in CI Staff files that the area divisions had never been informed of or had only limited information about. These included such cases as MORINE (a past FBI source of voluminous GRU operational documents who was known to the Soviet Division but whose operational leads had been shared neither with that division nor with the other geographic divisions in whose territory the Soviet agents were working); [KITTYHAWK] (a KGB officer who had contacted CIA during a visit to the United States several years back and who figured in a double-agent game being run by the FBI); [GRIDIRON] (Leslie James Bennett, former senior officer in Soviet counterespionage in the Canadian RCMP who had resigned from that service in 1972 under a cloud of suspicion engendered by the Angleton staff and its guru Anatoliy Golitsyn--a case never briefed to either SE or EUR Division); and [PIVOT], also known as [OZONE] (Constantin Dumitrachescu, a Romanian intelligence officer who defected in [Israel] in 1972 and subsequently came to this country and was debriefed by CIOPS officers, but whose information and leads had not been furnished to the area divisions).

Many of the people in the staff had been hand-picked by Angleton. They had been in their jobs for a number of years and were well settled into their way of doing things. So

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These had been in a package delivered to a doctor in the ¹⁰Canal Zone, who turned them over to the ¹⁶⁻⁷Station which in turn forwarded them to Headquarters. The dispatch was passed to CI Staff by WH Division in 1972. A note on the dispatch indicates that CI Staff took no action other than to process the materials into its files; but the CI Project continued to hold the originals. At the time CI Project theorized that a mailing label on a package from Olympus ²⁹Corporation in New Hyde Park, New York, to the Canal Zone doctor had fallen off the package for the doctor, and been erroneously fastened to the package containing the Soviet mail.

"2. This is the only case as far as we know in which the original mail has been held by this Agency. In all other cases we examined the mail, opened it surreptitiously, photographed it, and put it back into the mail channels for delivery to the addressee. Thus, this presents us with a peculiar problem. The letters have all been opened with a letter opener. We do not know at what point along the way the letters were opened.

"3. We solicit your advice. There seems to be at least two courses which we might pursue. We could send these items to the people to whom they are addressed, under cover of a letter explaining how we had acquired the mail and apologizing for our delay in forwarding it. Another course of action would be to reinsert the mail into the postal system by forwarding it under cover of a memorandum to the U.S. Postal Service. In the memorandum we would state that the mail came into our hands overseas, and was inadvertently held. The memorandum would further state that this Agency does not know at what point the mail was opened.

"Attachments: 114 Items

2 Hungarian Customs (sic) Declarations ²⁴

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1 U.S. Registered Mail/Return Receipt

85 Post Cards

25 Letters

1 ²⁴ [Swedish Custom's (sic) Declaration]

--The person who brought the letters to Kalaris, the supervisor of the summer employee who actually found them, was known to be an Angleton loyalist, and Kalaris could see a trap unfolding in front of him if he mishandled the matter. The deliverer could be expected to tell Angleton just what was done with the letters, and Angleton to find ways to exploit any ill conceived decisions. After due deliberation, the staff of the Senate committee was informed, and on 16 July, not quite two weeks after the initial memorandum on this subject, the DCI sent the mail to the Postmaster General under cover of a letter explaining the situation. The Postmaster General in turn sent a copy of this letter, along with the actual mail and a letter of his own, to each addressee. The Postmaster General's letter referred to "apparent interception and acknowledged retention of this mail by the CIA," and described the matter as "a serious violation of your rights" and "abuse of the mails."* In due course some of the recipients wrote letters to the DCI asking whether CIA had dossiers on them.

In April a folder with some MORINE material was found in an R&A safe and delivered to McCoy, who, believing that he had stumbled upon an overlooked vein of counterintelligence gold, brought the matter to Kalaris's attention. MORINE in fact had not been overlooked by Angleton, but this was not apparent at the time. The discovery of this folder led to a memorandum to Nelson a few days later, entitled "Skeletons in the CIOPS Closet,"

* CI 180-75, 15 August 1975

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analytical effort on MORINE got underway. Beginning then with the cassette material ²⁹ (CC CPSU) International Department trainee names), and later with country summary reports when analysis and liaison feedback fleshed out an understanding of GRU residency personnel and operations, MORINE data were provided by the staff to SE Division, which in turn conveyed them on to RID under SE Division document (SX) numbers as [AESTORAGE] information. Names of GRU officers, code names and true names (where known) of agents and developmentals, support assets, etc. were indexed in this fashion.

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People Responsibilities

The Kalaris staff inherited responsibility for a handful of defectors and certain contract personnel who had been working for the Angleton staff. This responsibility was not particularly welcomed, but it had to be dealt with.

The defectors were Golitsyn, Nosenko, Deryabin, and [Rastvorov, and a former Romanian] intelligence officer by the name of [Constantin Dumitrachescu], also known as [PIVOT/1]. The Soviets were well known, at least by reputation, to the SE alumni on the staff, but the [Romanian] was a total surprise. They had never heard of him.*

In early 1972 the ²⁴ [Israeli internal service (Shin Bet)] had approached CIA through Angleton and asked for assistance in arranging the defection and resettlement of

* Chief, SE (Blee) had been aware of [Dumitrachescu's] defection at the time, and had deduced, and ultimately obtained confirmation from the DDO, that Angleton had arranged to bring him to the United States and had him squirreled away.

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United States: "In each case you open a file on there must be a demonstrable CI interest." Please assure that this guideline is followed meticulously."

Double Agent Branch -- Was charged with the conduct of and coordination on double agent operations abroad. Since the vast majority of DA cases were run by the US military services, the FBI, or--in some instances--foreign-liaison services, the branch was very heavily a coordinator rather than active runner of operations.

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Area Operations Branch -- Was charged with coordination with the area divisions on matters of CI interest, and with stimulating CI disciplines and practices in the area divisions and field stations. The centerpiece of the branch's activity was management and conduct of the CI Survey program. Consisting itself only of the branch chief and two clericals, the branch staffed its survey teams with detailees from the area divisions and CI Staff officers borrowed from other branches of the staff, both Ops and R&A.

Counteroperations Branch -- Was charged with operations designed to counter and disrupt the activities abroad of foreign intelligence services inimical to US interests. Charles Anderson, an LA Division officer who was brought in to the staff by Sternfield to head the branch, had had considerable experience in CA operations, and the branch's activities reflected this background. Virtually all had a clear CA character, from promotion of a book about

the Tupamáros and terrorism in Uruguay, to a press campaign in Europe designed to expose the Curiel apparatus as an instrument of Soviet intelligence, to a paper on the Cuban intelligence residency in Chile during the Allende regime.

Primary orientation was toward Latin America, with heavy focus on terrorist organizations and activities. Anderson's operations tended to be highly imaginative, often complex.]

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