

This document is made available through the declassification efforts
and research of John Greenewald, Jr., creator of:

The Black Vault



The Black Vault is the largest online Freedom of Information Act (FOIA)
document clearinghouse in the world. The research efforts here are
responsible for the declassification of hundreds of thousands of pages
released by the U.S. Government & Military.

Discover the Truth at: **<http://www.theblackvault.com>**

File #:

62-116464

Serial Scope:

55-EBF

Mr. Field
Mr. Field

HOUSE OF REPRESENTATIVES

HEARINGS

BEFORE THE COMMITTEE

on

SELECT COMMITTEE ON INTELLIGENCE

BUDGET INQUIRY ON INTELLIGENCE ACTIVITIES

VOLUME 6

Thursday, August 7, 1975

Washington, D. C.

Official Reporters to Committees

273-10081

C O N T E N T S

STATEMENT OF:

PAGE

Glen Pommerening,
Assistant Attorney General for Administration

accompanied by:

Eugene W. Walsh, *(Federal Bureau of Investigation)*
Assistant Director, Administrative Division, and
James Hoobler, *(and)*
Director of Management Programs Budget for the
Justice Department

1227

Hon. Donald C. Alexander,
Commissioner of Internal Revenue

accompanied by:

William Williams,
Deputy Commissioner,
Meade Whitaker,
Chief Counsel,
Singleton Wolf,
Assistant Commissioner, Compliance,
Warren Bates,
Assistant Commissioner, Inspection,
Robert Potter,
Assistant Director, Intelligence Division
Miss Anita Alperin,
Assistant Commissioner of Planning and Research,
Joseph Davis,
Assistant Commissioner, Administration, and
Alan Beck,
Fiscal Management Officer.

1322

BUDGET INQUIRY ON INTELLIGENCE
ACTIVITIES

- - -

Thursday, August 7, 1975

- - -

House of Representatives,
Select Committee on Intelligence,
Washington, D. C.

The committee met, pursuant to recess, at 10:05 a.m.
in Room 2118, Rayburn House Office Building, the Honorable
Otis G. Pike (chairman) presiding.

Present Representatives Pike (presiding), Glavin,
Dellums, Murphy, Aspin, Milford, Hayes, Lehman, McClery,
Kasten and Johnson.

Also Present: A. Searle Field, Staff Director.

- - -

Chairman Pike. The committee will come to order.

Today we move from the intelligence-gathering activities
which are at least supposed to be operating in gathering
foreign intelligence to those which are gathering intelligence
here in America.

Our very efficient staff has provided in the back-up
book a chapter from a book written in 1971: Investigative Techniques
FBI and the title of the chapter is "The Bureau's Budget --
A Source of Power."

It starts out, "The Federal Bureau of Investigation's Budget, like the organization itself, stands unique within the federal government."

I am not going to read any more of this, but it is difficult within the domestic intelligence-gathering activities, as well as within the foreign intelligence-gathering activities, to find out exactly how much is being spent on gathering intelligence over American citizens.

We have today, as our principal witness this morning, Mr. Glen Pommerening, the Assistant Attorney General for Administration, accompanied by Mr. Eugene^{W.} Walsh and Mr. ^{J.} James Hoobler.

We are delighted to have you here. I want you to tell us all you can tell us about how much money you spend for gathering intelligence over American citizens and foreign citizens who are located within America.

Federal Bureau of Investigation STATEMENT OF GLEN POMMERENING, ASSISTANT ATTORNEY GENERAL FOR ADMINISTRATION, ACCOMPANIED BY EUGENE W. WALSH, ASSISTANT DIRECTOR, ADMINISTRATIVE DIVISION AND JAMES HOOBLER, DIRECTOR OF MANAGEMENT PROGRAMS BUDGET FOR JUSTICE DEPARTMENT

Mr. Pommerening. Thank you, Mr. Chairman.

I appreciate the chance to appear before you today to talk about the Department of Justice Budget as it relates to intelligence activities and the process by which these activities are reviewed.

My comments, of course, will be based upon my first-hand

knowledge of the process, a review of the records of my organization and its predecessor, and such elements of historical knowledge of the Department as may be within my knowledge.

Part 28, subpart O of the Code of Federal Regulations, vested in the Assistant Attorney General for Administration the responsibility to supervise, direct and review the preparation, justification and execution of the Justice budget.

This responsibility encompasses the setting of general policies and procedures for the formulation of the overall budget requests for the Department and for each subordinate organization for a given fiscal year.

Our budget, like that of most other agencies, has traditionally reflected a "categorical" approach, organized by appropriation and organization, so that the programs of a given organization have fallen under one or more generalized budget "activities."

In the past these broad categories have not, by themselves, provided much detail on the scope of particular programs.

Beginning with the FY 1975 budget cycle, however, the Department took steps to initiate a more thorough form of budget review when it initiated its Management-by-Objectives (MBO) program. Under this program all organizations provided specific objectives for all of their programs for that year.

In the FY '76 cycle, the Department integrated the Management-by-Objectives program with the traditional budget process. This step required all organizations to provide specific program objectives in support of their FY'76 funding request. For the first time, the Department received financial data at the program level of detail, and all major organizations participated in an in-depth internal hearing process with senior department officials.

The purpose of these internal departmental hearings was to explore significant policy, program, and resource issues, including those matters relating to the intelligence activities of the Federal Bureau of Investigation.

In carrying out this new program, the Federal Bureau of Investigation made the most extensive submission of data that had ever been given the Department.

While the Department's FY 1975 Management-by-Objectives/Budget formulation and internal review process did provide a more comprehensive level of information to the Department's leadership, it was evident that a more structured, programmatic perspective was required to provide greater detail and to facilitate cross-organizational analysis of Department programs.

Consequently, for FY 1977, the Department has developed and implemented an MBO/Budget Planning System with a detailed program budget structure which highlights over 350 specific programs, including those dealing with intelligence-gathering.

This structure enables, and indeed requires, each organization to describe to the Department its FY 1977 plans and the level of resources required. This system is still developmental in the sense that this is the first year it has been tried, but we expect to refine and follow this basic programmatic approach in future years, at least for internal review purposes.

In the FY 1977 cycle, the FBI submitted detailed data on 42 separate programs, some of which are linked directly to its intelligence and counterintelligence programs. Much of this material is classified "SECRET," but the submission is the most comprehensive the FBI has ever submitted as part of the department's budget review process.

The Drug Enforcement Administration reported 38 program areas for FY 77, of which 6 related to intelligence; it should be noted that DEA has a budget activity for intelligence activities. The Immigration and Naturalization Service reported 34 program areas for FY 77, of which two were related to intelligence. Other organizations reporting programs related to intelligence activities in FY '77 are the Criminal Division and the Office of the Deputy Attorney General, which reported one intelligence program area respectively.

The internal review process for FY 1977 continued the practice of extensive internal hearings oriented ^{toward} ~~toward~~ policy and program issues.

In summary, the Department had a basic but limited

capacity to evaluate program and budget requests prior to 1974. Since then the amount of program information and analytical expertise available to the Department has increased markedly. These changes have improved the Department's ability to review programs. Although the formal submission to the OMB and the Congress does not reflect a comparable level of detail, we believe that our new MBO/Budget Planning System, and any subsequent refinements, will continue to ensure Department awareness of intelligence programs and facilitate our ability to evaluate these programs and supporting budget requests.

This concludes my prepared statement, Mr. Chairman. Accompanying me today are Mr. Eugene^{W.} Walsh, Assistant Director for the Administrative Division of the FBI and Mr. James F. Hoobler, Director, Management Programs and Budget Staff for the Department. We will be happy to answer any questions we can in this session and if you have questions related to classified material, we would be happy to respond to them at the appropriate time. Mr. Walsh also has a prepared statement.

Insert
Attached

Chairman Pike. Let us start with the basic question as to classified material. Who classified it?

Mr. Pommerening. Materials we receive are classified by the Federal Bureau of Investigation.

Chairman Pike. Are they classified by the Director of the Federal Bureau of Investigation or are they classified at some lower level?

STATEMENT OF ~~MR. EUGENE W. WALSH,~~
~~ASSISTANT DIRECTOR, ADMINISTRATIVE DIVISION,~~
~~FEDERAL BUREAU OF INVESTIGATION,~~
~~BEFORE THE SELECT COMMITTEE ON INTELLIGENCE,~~
~~UNITED STATES HOUSE OF REPRESENTATIVES~~

Mr. Walsh,

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

THE OPPORTUNITY TO APPEAR BEFORE THIS COMMITTEE IS APPRECIATED AND I WILL DO MY BEST TO RESPOND FULLY AND ACCURATELY TO QUESTIONS REGARDING THE FBI'S BUDGET AND PROGRAMS.

WHILE THE FBI HAS SUBMITTED ITS BUDGET REQUEST TO THE DEPARTMENT IN A PROGRAMATIC FORM ONLY SINCE THE FISCAL YEAR 1975, IT HAS ALWAYS SUBMITTED ITS REQUESTS IN STRICT CONFORMANCE WITH OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-11 AS DO OTHER AGENCIES. THIS CIRCULAR SETS FORTH VERY DETAILED INSTRUCTIONS CONCERNING THE PREPARATION AND SUBMISSION OF BUDGET ESTIMATES.

HOWEVER, EXTENSIVE DETAIL WAS PROVIDED IN TESTIMONY BEFORE THE OFFICE OF MANAGEMENT AND BUDGET AND CONGRESSIONAL APPROPRIATIONS SUBCOMMITTEES WITH REGARD TO THE VARIOUS FBI PROGRAMS. PRIOR TO THE HEARINGS FOR FISCAL YEAR 1975, THE CONGRESSIONAL APPROPRIATIONS HEARINGS WERE HELD IN EXECUTIVE SESSION, FORMER DIRECTOR HOOVER CUSTOMARILY GAVE A PORTION OF HIS TESTIMONY OFF-THE-RECORD WHEN COUNTERINTELLIGENCE OR OTHER HIGHLY SENSITIVE MATTERS WERE DISCUSSED. AT THE CONCLUSION OF THE OPEN HEARINGS HELD BY THE HOUSE APPROPRIATIONS SUBCOMMITTEE IN CONNECTION WITH THE FISCAL YEAR 1976

REQUEST, AN EXECUTIVE SESSION WAS CALLED BY THE CHAIRMAN TO PERMIT A DISCUSSION OF COUNTERINTELLIGENCE AND OTHER SIMILARLY SENSITIVE MATTERS.

THE FBI HAS ALWAYS BEEN WILLING TO ANSWER ANY INQUIRIES BY THE APPROPRIATIONS COMMITTEES OR ANY OTHER CONGRESSIONAL COMMITTEES CONCERNING ITS PROGRAMS OR ITS USE OF FUNDS. DURING THE COURSE OF THIS PRESENT HEARING, MR. CHAIRMAN, SHOULD SENSITIVE QUESTIONS OF A CLASSIFIED NATURE INVOLVING NATIONAL SECURITY BE BROUGHT UP FOR RESPONSE OR DISCUSSION. I WOULD REQUEST THAT THIS BE DONE IN EXECUTIVE SESSION.

Mr. Pommerening. I believe they are classified at a lower level but Mr. Walsh could better respond to the question.

Chairman Pike. Who classifies the budget "~~Secret~~?"

Mr. Walsh. In this particular response, Mr. Chairman, I acted as the Classification Officer, and it bears my number, No. 9.

Chairman Pike. Now, what is there about the budget of the FBI that requires it to be secret?

Mr. Walsh. Mr. Chairman, there is nothing about the total budget that requires it to be secret. The only classification --

Chairman Pike. All right, then what is the total budget of the FBI?

Mr. Walsh. The total budget of the FBI, Mr. Chairman, for FY 1975, amounts to \$449,546,000.

Chairman Pike. Roughly \$450 million?

Mr. Walsh. That is right, sir.

Chairman Pike. Now, of that total amount, can you tell us how much is classified "~~Secret~~?"

Mr. Walsh. I can't tell you exactly, Mr. Chairman, but the idea of the classification is --

Chairman Pike. You mean you can't tell us because you don't know or you decline to tell us in open session?

Mr. Walsh. No, sir. What I mean is, if I may have an opportunity to explain in my own way, what we are seeking to do

is not to reveal the specific resources and manpower committed to counter-intelligence --

Chairman Pike. I understand that, but all I am asking you is not specifically about resources and manpower, I am asking you for the number of dollars as to which you can't give us any details. How much of that \$450 million FBI budget is secret?

Mr. Pommerening. Mr. Chairman, in our interpretation of the Budget ^{Submission} Commission we have received from the FBI and the classifications that have been applied to them, the amount that we consider in one way or another constrained by classification is \$82,488,000, which is FY 1975.

Chairman Pike. Of the amount which is not classified, how much is dedicated to gathering intelligence?

Mr. Pommerening. None.

Chairman Pike. So all of the money which is dedicated to gathering intelligence falls within the secret budget?

Mr. Pommerening. That is correct.

Chairman Pike. Is all of the money within the secret budget dedicated to gathering intelligence?

Mr. Pommerening. My interpretation of the budget submission is that the answer is yes.

Chairman Pike. Now, tell us why the amount of money -- well, I guess it isn't secret any more because you have now told us how much of it is secret, so that is no longer a secret.

82.4
We have got \$84 million worth of "un-line-itemed" expenditures for the gathering of intelligence.

Does the GAO audit these expenditures?

Mr. Pommerening. Yes, they do.

Chairman Pike. On a complete line item basis whenever they want to without any restrictions?

Mr. Walsh. May I respond to that, Mr. Chairman?

Chairman Pike. Certainly.

Mr. Walsh. Before I do, I would ask your leave to clarify one statement. I am not positive that the \$82 million figure mentioned by Mr. Pommerening includes intelligence gathered in the field of organized crime.

I would have to check that to make absolutely certain but I feel that type of intelligence is not included in the figure that Mr. Pommerening mentioned.

Chairman Pike. Are you saying what we spend for intelligence against organized crime is not secret?

Mr. Walsh. It isn't secret in the category of the National Defense or Security category, but it would certainly be harmful to our effort I would say, Mr. Chairman, if organized crime were aware in specific detail --

Chairman Pike. I don't have any trouble agreeing with you; all I am trying to find out is, is the \$82 million figure secret intelligence-gathering activities of the FBI which have nothing to do with organized crime?

Mr. Walsh. Mr. Pommerening has advised me that the entire intelligence effort is included in the \$82 million and I stand corrected on that.

Chairman Pike. Mr. McClory.

Mr. McClory. You say that the GAO has reviewed the budget of the FBI, of the Department of Justice and the FBI, and if so, where is the GAO report? Is that available to us? May we have a copy of that?

Mr. Walsh. If I may explain, ^(McClory) Mr. Congressman, I have some exact data here on the extent of their audit and it is as follows:

During the past 15 years the General Accounting Office has conducted two separate site audits relating to an examination of the Bureau's payroll records.

On January 18, 1964, an audit of payroll records covering the period June 1, 1961 through January 18, 1964, was completed.

On August 3, 1972, GAO completed an audit of payroll records covering the period January 13, 1964, through January 8, 1972.

Mr. McClory. They have really never audited the expenditures of the FBI, have they?

Mr. Walsh. No, ~~sir~~. For the record, if I could add one additional thing, with regard to the GAO audited ^{of} voucher records, three separate site audits have been made during the past 15 years.

In January, 1965, GAO completed an audit of all voucher and related records for the FY 1961 through 1964.

In May 1969 their audit covered the FY 1965 through 1968 period and in April 1972, GAO audited these records covering FY 1969 through 1971. That is the extent of their audit except for what is going on at the present time.

Mr. McClory. The FBI refused access to GAO for auditing their expenditures. How about the secret funds, the intelligence funds? They haven't been audited by the GAO, have they?

Mr. Walsh. No, Mr. Congressman, they have not *practically* audited funds for intelligence.

Mr. McClory. How many people worked on the FBI budget?

Mr. Pommerening. Mr. Chairman, I think that is a question for me. Mr. Walsh, of course, has an extensive staff assisting him in the preparation of the budget submissions of the FBI.

The staff which is available to me in budget preparation for the entire ^D department is 53 in number.

Mr. McClory. How many do the FBI?

Mr. Pommerening. There are a total of five analysts assigned to the Federal Bureau of Investigation.

Mr. McClory. How many OMB personnel really go into the FBI budget?

Mr. Pommerening. The Office of Management and Budget, I understand, has seven people whose responsibility includes the entire Department of Justice and the entire Department of the Treasury. They only have one person that I know of with the FBI.

Mr. McClory. Now, did the former Director, J. Edgar Hoover, defend funds that were available to him separately for his personal investigations, or his personal files that he maintained?

Mr. Walsh. To my knowledge, sir, he did not.

Mr. McClory. Would that be covered in any fiscal report, any budgetary report?

Mr. Walsh. I don't know that it would be covered anywhere, Mr. McClory. I just have never heard this situation raised.

Mr. McClory. How about the program of Cointelpro? Are you familiar with that?

Mr. Walsh. I am familiar with that, sir, in a very general way. It was never under my supervision --

Mr. McClory. Was that program presented to the Appropriations Committees of the House and the Senate, and appropriations specifically designated for that program?

Mr. Walsh. The Cointel program, as I understand it, was discussed off the record by Mr. Hoover before the House Appropriations Committee, on at least ⁶ 10 occasions. ~~As I further understand it, sir -- it was before my time --~~

Mr. McClory. That would be a program that would go into the secret, unaudited funds, would it not?

Mr. Walsh. That program, sir, was not separately funded. There is no fund specifically assigned to what you are referring to as the Cointelpro.

Mr. McClory. Are the funds for those purposes discontinued, at the present time, do you know?

Mr. Walsh. That program has been discontinued.

Mr. McClory. My time is already up. Thank you.

Chairman Pike. Mr. Dellums?

Mr. Dellums. Mr. Chairman, I request unanimous consent to reserve my time.

Chairman Pike. Mr. Murphy?

Mr. Murphy. How are the covert programs in the FBI currently reflected in the budget?

Mr. Pommerening. Mr. Murphy, the way the budget is submitted through the Office of Management and Budget and to the Congress, the funds which are used for intelligence purposes are included under the category Security and Crime^{inal} Investigations and Field Investigations.

Mr. Murphy. Is any of this money ever transferred to other agencies?

Mr. Walsh. No, sir.

Mr. Murphy. Could you tell us how much money was spent last year on electronic surveillance?

Mr. Walsh. I do not have that information, Mr. Murphy. I would regard it as being confidential in the interests of national security. I would say if this committee required that information, we could obtain it and submit it but I do not have that information.

Mr. Murphy. I wish you would submit it. We do require it. Would you please submit it to the committee.

(The information referred to will be found in the files of the subcommittee.)

Mr. Murphy. Let me know if you use any other intelligence garnered through electronic surveillance, from any other agency. In other words, does the NSA or the Central Intelligence Agency, do they let you share information they receive through electronic surveillance, or any other method in which they get it?

Mr. Walsh. If I may preface my response, Mr. Murphy, I am not an expert in this field. ~~It does not~~

Mr. Murphy. To whom should we address these questions?

Mr. Walsh. That particular question would be within the realm of the responsibility and knowledge of Assistant Director Wannall. I know in a general way, Mr. Murphy, that all agencies in the intelligence community share intelligence information.

Mr. Murphy. Did our staff indicate to you that we might get into these areas before your appearance here today?

Mr. Walsh. Not this particular area, no.

Mr. Murphy. Any of you gentlemen? Your answer is no?

Mr. Pommerening. No.

Mr. Murphy. Do you maintain a central registry of informants' names?

Mr. Walsh. Yes, we do, Mr. Murphy.

Mr. Murphy. Mr. Chairman, I am going to reserve what time I have left and pass at this moment.

Chairman Pike. Mr. Aspin?

Mr. Aspin. Thank you, Mr. Chairman.

Are any of you gentlemen the kind of person who could give us some opinions about the current status of wiretapping and what is legal and what is not legal? Is that in your purview?

Mr. Walsh. It is not in mine, Mr. Aspin.

Mr. Aspin. Do you know, for example, does the FBI or the Justice Department provide information to the NSA and ask the NSA to help in conducting surveillance? I am thinking particularly of the NSA's wiretap operations. Do you provide input for them on those?

Mr. Walsh. I honestly can't respond to that because of lack of knowledge, Mr. Aspin. It is not in my field and I really don't have that information.

Mr. Aspin. Could you tell us about the \$82 million in the budget. Give us broad categories as to what that goes to. What are the different things for which that money is spent?

Mr. Pommerening. Mr. Aspin, the sub-categories of that item -- and I hasten to add that these are not all secret funds. The security classification is applied to the total, to eliminate the possibility of, by subtraction, isolating the figure which is the figure sought to be protected.

The program activities which are included in that category are, internal security, counterintelligence and ~~criminal~~ ^{intelligence and}

intelligence -- broken down into ^{general/criminal} organized crime, internal security, ^{and} intelligence, counterespionage intelligence.

Mr. Aspin. Can you tell us broadly within that -- are there any numbers that can be released about how much is spent on those things?

Mr. Pommerening. That is the problem we have, Mr. Aspin. If we release some, by the process of elimination --

Mr. Aspin. Which is the biggest? Can you give me an order of magnitude of how much is spent?

Mr. Pommerening. There are three of them that are at about the same level.

Mr. Aspin. Can you tell us which three those are? Are those the three largest?

Mr. Pommerening. Internal security, counterespionage, ^{intelligence} and intelligence with its sub-categories, are all --

Mr. Aspin. Are all three about the same?

Mr. Pommerening. That is correct.

Mr. Aspin. What is the difference between internal security and counterespionage?

Mr. Pommerening. In general terms -- and, of course, the interpretation of these definitions in large part must rest with the operating agency which must assign costs and man-years between them. Under the internal security category, general guidelines, we have violation of constitutional rights, including civil rights; problems of terrorism, and

problems of anti-government activity.

Mr. Aspin. Counterespionage would be what?

Mr. Pommerening. In counterintelligence we have the general problems of reviewing and being aware of intelligence activities of other nations, and attempts to assess the extent of them and to take appropriate measures to deal with them.

Mr. Aspin. If you did wiretaps for example, they might be under any of those?

Mr. Pommerening. Yes.

Mr. Aspin. As ^{to} the cost of a particular wiretap connected with it, it would fall under the category of whatever it was, espionage, or there might be an internal security wiretap, is that right?

Mr. Pommerening. Yes.

Mr. Aspin. Mr. Chairman, my time is up.

Chairman Pike. Mr. Kasten?

Mr. Kasten. I want to go back to a question Mr. McClary raised. How was Cointelpro reflected in the FBI budget?

Mr. Walsh. Mr. Kasten, there is no such program at the present time.

Mr. Kasten. How was it reflected in the FBI budget? It is my understanding it was not reflected in the FBI budget. Is that your understanding?

Mr. Walsh. Yes, sir. It was part of a general category of field investigations.

Mr. Kasten. If another program like that were instituted today or tomorrow, would it be reflected in the budget under the new procedure, under the new format, or would it still be not listed, would it still be completely hidden?

Mr. Walsh. It would have to be reflected in the material that we submit to the Department of Justice, specifically to Mr. Pommerening's organization, but I don't believe the formal budget submission has been adjusted by Congress to require, or reflect that type of information.

Am I correct on that?

Mr. Pommerening. Yes.

Mr. Kasten. In Fiscal Year 1976 how many FBI personnel were stationed abroad?

Mr. Walsh. From recollection, sir, I would say eighty-three, subject to correction of one or two ^{employees.} bodies.

Mr. Kasten. It could be there were seventy-seven -- ^{thirty-five} ~~fifty-four~~ legal attaches and ^{two} ~~forty-three~~ support people?

Mr. Walsh. That would be approximately correct.

Mr. Kasten. About how much money do you think these people cost?

Mr. Walsh. I don't have that, sir; but I can easily obtain it.

Mr. Kasten. Would \$4.2 ^m billion be it?

Mr. Walsh. That does sound reasonable, sir; yes.

Mr. Kasten. I want to ask some questions about the activities of the ^{FBI} ~~FIB~~ abroad. Would you characterize a program to ensure -- I am quoting from a report that you prepared -- "a program to ensure a constant and prompt exchange of information" a form of intelligence gathering?

Mr. Walsh. I think it could be so characterized. ~~He~~

Mr. Kasten. If this were done overseas, would it not be a form of foreign intelligence gathering?

Mr. Walsh. I think, Mr. Kasten, it depends on your definition. We are not operational in any way whatsoever abroad. We must rely on what our counterparts impart to us --

Mr. Kasten. That quote "program to ensure a constant and prompt exchange of information" which you agreed was a form of intelligence gathering, was extracted from the budget justification for the FBI legal attache program. That is page 11⁵ of the Fiscal Year 1977 spring planning call.

My question is, why isn't the legal attache program simply called "foreign intelligence"?

Mr. Walsh. Primarily, Mr. Kasten, because that would constitute, I would say, a minor portion of their responsibilities. A great deal of their efforts go into an exchange of criminal information and searching out of information ~~at our~~ request, regarding fugitives who are abroad and things of that nature.

Mr. Kasten. You said it would be a minor part of their responsibilities. Could you define further that minor part of their responsibilities, the foreign intelligence part of the legal attache responsibilities, which you said was a minor part? Exactly what is that?

Mr. Walsh. You take the normal legal attache office, and it has only one or two agents assigned. That ~~man~~^{office} has the responsibility of maintaining liaison with the top law enforcement agencies in the entire ~~country~~^{area} under ~~his~~^{its} jurisdiction.

Mr. Kasten. There is a portion which you would describe as foreign intelligence; is that correct?

Mr. Walsh. It could be so described, Mr. Kasten; yes, sir.

Mr. Kasten. In the spring planning call of Fiscal Year 1977, I have a question about an informant classification of \$^{4.3}~~413~~ million. Why was this listed under Object Class 212, "Travel and Transportation of Persons", this year where in previous years it was listed under a category called Other Services? Why are you making this change? It makes it hard to follow if you keep putting the numbers in different categories.

Mr. Walsh. What happened there, MR. Kasten, if you will give me a moment to refer to this, historically, payments to informants were carried in the FBI budget under Object Classification 21, entitled "Travel and Transportation of Persons".

Beginning with Fiscal Year 1977, it was decided in conference with the Department of Justice that ^{it} that would be more appropriate, if it were set forth under Object Classification Number 25, which is Other Services.

Mr. Kasten. My question was, what are you doing here? Do you just think it is more appropriate?

Mr. Walsh. What happens^{ed}, sir, in the past fiscal year, the Congress restricted travel by statute during the middle of the fiscal year and the interpretation that we placed ^{on that} was a very strict one upon ~~that~~ statute, and we construed it to mean that any expenditure by the FBI under Object Classification Number 21 ^{had} has to be restricted by that

Congressional enactment.

Chairman Pike. The time of the gentleman has expired.

Mr. Milford?

Mr. Milford. I will reserve my time, Mr. Chairman.

Chairman Pike. Mr. Hayes.

Mr. Hayes. Thank you, Mr. Chairman.

I wonder if either of you, or anybody, is prepared and can discuss with me the method of budgeting and the procedures that were used in the Mississippi civil rights investigation and the ultimate civil rights prosecutions, particularly the one in Philadelphia, Mississippi, involving the murder of civil rights workers and the penetration of the Klan there. Do you happen to know how those budgets were allocated, how the funds were --

Mr. Walsh. I may be able to give a partial response.

Mr. Hayes. Maybe you can submit that, if you can't discuss it now.

None of you are familiar with that area, how it was done?

Mr. Walsh. If I may give a partial response, sir.

There would have been no specific budgeting for that.

Mr. Hayes. Under your organization chart here, would it not be in the ^I internal ^S security ^B branch? Would it have been in the "IS-1" ^S section?

Mr. Walsh. ^{No, sir, Congressman Hayes,} ~~It may have, although at one time, MR. Congressman~~ that type of investigation was supervised in another part of

~~the FBI, and I can't give you the exact time frame. We could~~
~~secure that information.~~

Mr. Hayes. Is that a common practice to have something operate out of your intelligence division, yet being supervised from another branch?

Mr. Walsh. No, sir. What I meant to convey was that civil rights can be construed as both a criminal violation and an internal security type violation. For a long time, all civil rights cases were investigated out of the General Investigative Division.

We had a whole section, and still do have a whole section, in the General Investigative Division, devoted to that type of activity.

Mr. Hayes. So that General Investigative Division may have used part of its funds, then, for what, in essence, can be described -- at least according to your functional organizational chart -- as an intelligence activity?

Mr. Walsh. Oh, ^A absolutely, sir, but---

Mr. Hayes. Penetration of an organization like the Ku Klux Klan or any ad hoc group like that?

Mr. Walsh. Absolutely. Yes, you are correct.

Mr. Hayes. Would those funds in the other branch have been confidentially held and not, for example, allocated after having been testified to before the Appropriations Committee?

Mr. Walsh. There was no testimony, Mr. Hayes, required, as to that type of funding. Testimony would have been in general terms. I cannot recall ever being required to testify with that degree of specificity.

Mr. Hayes. Let me discuss at this point, then, in terms of funding the items for the ^Iintelligence ^Ddivision's work and particularly that part outlined as the "IS-1" ^Ssection which has to do with Black and American Indian extremists and white hate organizations and individuals, extremist Spanish American activities, civil unrest and acts of violence, extremist informants, now the funding for that particular operation, is that a hidden budget item, or do you have a line item listed like that?

Mr. Walsh. We don't have a line item, Mr. Hayes, but I don't regard it as hidden funding. It is simply that in presenting our budget for Congressional approval, there has not been a requirement to specify with that degree of particularity, all of the expenditures of the FBI.

If that were done, sir, I submit the FBI budget would be hundreds of pages.

Mr. Hayes. I don't want to quarrel with you about it. You may be right. It may be nine thousand pages.

Is it a matter to which you testify as to what kind of operations and programming you intend to carry out under that ^Ssection when you go down and testify? Do you testify in closed

hearings on that item?

Mr. Walsh. No, Mr. Hayes, the type of testimony is published. I have here a reprint of the 1976 ^tTestimony ^bBefore the House Subcommittee on Appropriations.

Mr. Hayes. I understand. Have you ever confidentially testified -- I am not asking about the substance of it -- have you ever confidentially testified as to what type activities you carry out under that section, to a committee of Congress?

Mr. Walsh. I have no recollection that that was done.

Mr. Hayes. Has anybody. I couldn't say one hundred percent that it was not, but I have no recollection or knowledge that it was done.

Mr. Hayes. Thank you.

Chairman Pike. Mr. Johnson.

Mr. Johnson. Thank you, Mr. Chairman.

I think, Mr. Walsh, you testified that the organized crime portion of the budget was included in the \$82 million that was kept secret; is that correct?

Mr. Walsh. Mr. Johnson, that was organized crime intelligence to which reference was made.

Mr. Johnson. Why would that be regarded as an intelligence-gathering activity, and why must that be kept secret? The amount you spend --

Mr. Walsh. It would provide some assistance to those

elements in organized crime which we are attempting to counter, if they knew exactly how much money was being committed for intelligence gathering and exactly how much manpower was being committed by the FBI to counter the threat which organized crime imposes upon this country.

I think that information would be extremely valuable to them.

It is not classifiable as National Security Information, but I do believe it should not be publicly revealed.

Mr. Johnson. That is the justification for its not being published; is that right?

Mr. Walsh. That is it, sir; yes.

Mr. Johnson. Who classifies that? Who makes the determination it should be classified?

Mr. Walsh. We made that determination in executive conference of all the assistant directors, and the Director, and it is a matter of policy that the FBI's position is that should this information be revealed publicly, it would be a source of comfort to organized crime figures whose activities --

Mr. Johnson. You, yourself, made that determination even though you admit it is not a matter of national security.

Mr. Walsh. That is exactly right.

Mr. Johnson. Did any Members of Congress object to that, as far as you know?

Mr. Walsh. No, sir.

Mr. Johnson. Did they ever question you about it, as far as you know?

Mr. Walsh. No; not as far as I know, sir; ~~no~~.

Mr. Johnson. Which committees of Congress do you report to regularly?

Mr. Walsh. We have no procedure for reporting regularly to any committee of Congress, Mr. Johnson. We appear once a year before the House Subcommittee on Appropriations and once a year before the Senate Committee on Appropriations and that is the extent of regular appearances.

Mr. Johnson. How long do you generally testify before those subcommittees?

Mr. Walsh. Three hours, four hours, something like that, sir.

Mr. Johnson. During that period of time do they really get into your activities? They obviously cannot, can they?

Mr. Walsh. The various Congressmen have particular items in which they are interested and they question the Director, who is the principal witness concerning those items of interest to them, in addition to what we have submitted in writing.

Mr. Johnson. Has there ever been a detailed investigation by the Congress as to why you have classified this various information? Have they ever asked you to justify the amounts that are spent and kept secret from the public, with respect to just the intelligence designation of organized crime?

Mr. Walsh. No, Mr. Johnson. To my knowledge we had no conversation with the Congress on that subject.

Mr. Johnson. Have you ever been before the Judiciary

Committee and explained your activities in detail so they can analyze your programs and activities?

Mr. Walsh. I have not, sir, but at the direction of the Judiciary Committee we are currently undergoing a rather extensive audit by the General Accounting Office.

Mr. Johnson. But so far as you know there ^{have} has never been any appearances before the Judiciary Committee explaining in detail the intelligence gathering activities and everything designated as intelligence.

Mr. Walsh. No, I believe those hearings will be forthcoming, Mr. Johnson.

Mr. Johnson. When was the last time they had any hearings like that, if you know?

Mr. Walsh. I don't know.

Mr. Johnson. Not since memory of man goeth to the contrary?

Mr. Walsh. I just don't know of any.

Mr. Johnson. In effect what you are saying then is that there has been no Congressional investigation, no Congressional knowledge. Not necessarily as a result of the FBI trying to hide anything, but just because the Congress has not looked into it?

Mr. Walsh. What I am saying, sir, is that we have made our budget presentation each year in accordance with statute and --

Mr. Johnson. You indicated that your budget, though, is in very broad, general terms.

When you have your budget presentation, how many line items are there?

Mr. Walsh. I think that term "line item," Mr. Johnson, is sometimes misunderstood. We do not have a line item budget as such. We have program activities under which we budget and they are five in number: Security and criminal investigation^s, identification by fingerprints, criminal and scientific laboratory, training, and general administration.

You could refer to those as line items if you wanted to, but those are the items under which we have been reporting traditionally and still will be reporting, as I understand it.

Chairman Pike. The time of the gentleman has expired.

Mr. Lehman?

Mr. Lehman. Thank you, Mr. ^{ai}Chairman.

The four main areas are intelligence gathering, organized crime, general crime, internal security, and counter-espionage.

Mr. Walsh. Yes, sir.

Mr. Lehman. For the sake of understanding, what^{do} these mean, in which of these categories would the Patty Hearst case fall?

Mr. Walsh. That would be a general investigative activity.

Mr. Lehman. None of these?

Mr. Walsh. No, sir.

Mr. Lehman. For instance, how about the Jimmy Hoffa case; would that fall into these categories?

Mr. Walsh. No, sir, it would not.

Mr. Lehman. In these areas, you do wiretap and have electronic surveillance in all these four areas I just mentioned?

Mr. Walsh. I will have to review that again.

We do have in the organized crime field wiretaps under Title III. These are wiretaps which are pursuant to warrant, authorized by Title III

There are very few that would be utilized in the general crime area and they would be within the prescribed boundaries of the statute.

In the field of internal security, to my knowledge, there are none, but I must state I am not the Bureau's expert on that and as to counterespionage, we have had in the past, and possibly do today -- I can't speak authoritatively on that. ~~National security type wiretaps, yes, sir.~~

Mr. Lehman. You are not sure whether you have wiretaps or not on internal security?

Mr. Walsh. I am quite certain that we do not.

Mr. Lehman. Do you have any wiretaps on any kinds of classification other than these particular four? Are political dissidents -- let's say the enemy's list from the last Administration.

Do you do any wiretaps other than in these particular four categories?

Mr. Walsh. I know of none, Mr. Congressman.

Mr. Lehman. Have any wiretaps been placed on the Hill, for instance? Are there any FBI wiretaps on Capitol Hill in Congressional offices or offices related thereto?

Mr. Walsh. Absolutely not.

Mr. Giaimo. Will the gentleman yield?

Mr. Lehman. I yield.

Mr. Giaimo. Would you know, if there were?

Mr. Walsh. Mr. Congressman, this is not my field --

Mr. Giaimo. That can be answered easily. You either would know or wouldn't. My suspicion is you would not know.

Mr. Walsh. If we are seeking an answer as to a legally constituted --

Mr. Giaimo. Would you know if in fact there were wiretaps on the Hill today? Can you assure us that there are not?

Mr. Walsh. All I can assure you sir, is that to my knowledge there are not but it is not my field.

Mr. Giaimo. You don't know.

Mr. Walsh. Legally speaking that is true.

Mr. Lehman. May I have the rest of my time back?

What I am trying to find out is, if there were, can you give me any legal authority for such wiretaps?

Mr. Walsh. No, sir, I just am not the expert in that field. I regret I can't answer your question. I am not prepared to do so.

Mr. Lehman. If there were wiretaps on the Hill, or in any offices on the Hill, they would be illegal wiretaps under any legal authority, as far as any legal authority is concerned about which you would know?

Mr. Walsh. I just cannot address myself to that question, sir.

Mr. Lehman. I yield back the balance of my time.

Mr. Glaino. I am a little confused as to the thrust of your testimony, Mr. Pommerening. I keep hearing comments from you that recently you said heretofore there was no need for that type of specificity -- at one point you said, and you said there were no procedures, and then you stated in response to questions of Congressional oversight, that there were three or four-hour hearings on your budget, I believe it was.

I have served on the Appropriations Committee since 1953, which is quite a long time. Since that time I have formed certain conclusions. One of the conclusions that I formed

was that a very sacrosanct budget, which truly did not receive any kind of Congressional oversight, or Congressional scrutiny, was the budget of the FBI.

Was I wrong in that conclusion and assumption?

Mr. Walsh. I didn't play a --

Mr. Giaimo. I understand you didn't but you have been in the Justice Department and you are familiar with the budget. I suppose you have been here some years.

Mr. Walsh. I represent the FBI, sir, and I am Mr. Walsh, rather than Mr. Pommerening. I just wanted to make sure who you want to answer the question.

Mr. Giaimo. You.

Mr. Walsh. And the question is?

Mr. Giaimo. On the adequacy of oversight by Congress of the FBI's budget you said there was no need for specificity; procedures were few and far between.

Is it not a fact that part of the problem here is that for the first time the Bureau's budget is really beginning to be looked at by Congress, like other budgets? Hasn't the Bureau's budget really been treated specially as a practical matter by Congress? I don't think that is a strange fact to the American people but I would like to hear your comment on it.

Mr. Walsh. I think that the testimony of former Director Hoover was given great weight by the members of the

Appropriations Committee.

Mr. Giaimo. It certainly was. It certainly was.

Mr. Walsh. That is my response to the question. I believe his testimony was given great weight by the members of the Appropriations Committee.

Mr. Giaimo. Does that explain the reason why there was very little Congressional oversight or very little need for specificity, or procedural development in the budget of the FBI?

Mr. Walsh. Our budget, sir, was submitted in compliance with OMB guidelines in their ^{circular} bulletin, A-11. It went right down the line.

Mr. Giaimo. I think you have answered the question.

Let me ask you one other question.

In response to a previous question, did I understand clearly, then, that the reason for secrecy in your budget was primarily and almost practically solely so that organized crime could not take comfort from the budget figures?

Mr. Walsh. No, sir, that was a side issue. The principal reason is that in our counterintelligence effort, we feel it would be a source of comfort to our adversaries if they know the numbers ^{of employees} and the financial resources being committed to the counterintelligence effort.

Mr. Giaimo. Now define "adversaries" for me because

an adversary could be anyone charged with a crime in the United States.

Mr. Walsh. In this instance ^{we} they define adversaries as the members of foreign intelligence gathering organizations who are directed against the United States.

Mr. Giaimo. I am referring to that prior colloquy that you had with Mr. Kasten I believe it was about organized crime taking comfort, from having a knowledge of your secret budget figures.

Mr. Walsh. Yes, sir. We have a program to combat organized crime, and it is well known and it has been testified to that we do have such a program and it is my feeling that should a specific number be ^(publicized) ~~given~~ ^{agent} as to the agency manpower and financial resources being committed to that program were made public, it would provide a source of comfort to organized crime figures. That is all I meant in that regard.

Mr. Giaimo. Mr. Chairman, I reserve the balance of my time.

Chairman Pike. Mr. Field?

Mr. Field. Thank you, Mr. Chairman.

Mr. Walsh, I would like to get into the area of duplication and how good some of these programs are. I would like to begin with the counterintelligence program.

How much of the \$82 million budget goes to

counterintelligence? Is there an approximate figure you could give us?

Mr. Walsh. This is just the thing, Mr. Field, that I asked relief from answering on the ground --

Mr. Field. Let us say a substantial portion of the budget. In fact I think one of the things the staff was most amazed by is that it is a large part of your intelligence budget.

Does this include overseas authority? In other words, can you do some counterintelligence overseas?

Mr. Walsh. No, sir, we are not operational overseas.

Mr. Field. You have no counterintelligence overseas.

Mr. Walsh. You get to a question of definition, Mr. Field. If the chief --

Mr. Field. May I interrupt for a second?

Your own program description indicates that you do.

Is that wrong?

^{Walsh}
Mr. Field. No, sir, it is a question of definition, as you see it.

Mr. Field. -- I would like to go into the kind of jobs we do here.

How many foreign agents are there in this country?

Mr. Walsh. I haven't any idea, Mr. Field, and I don't think anybody else does.

Mr. Field. In other words, we spend all this money

but we don't really know how many people are out there?

Do we have even an approximate idea within a couple thousand?

Mr. Walsh. I think there are estimates, Mr. Field, ranging up as high as 40 percent of the official establishments of some foreign governments.

END #

Mr. Field. I thought the range went from 35 and in some cases even up to 30 percent. Nevertheless it is a lot of people. Thousands and thousands of people.

I will tell you why I raise this: We have seen an enormous effort made to keep our staff and keep this committee from finding out really even fundamental things like the budget of our intelligence community.

I am trying to figure out how much effort we have put into actually keeping the so-called enemy from finding out these things.

How many of these thousands and thousands of foreign agents where you have spent millions and millions of dollars and thousands and thousands of man-years to catch, how many have you caught? In the last six months, let's say.

Mr. Walsh. Mr. Field, as I indicated to the gentlemen of the committee, here, I am not the Bureau's expert in this field --

Mr. Field. Have you a rough ball park idea? Have you caught, let's say, two?

Mr. Walsh. I don't have a rough ball park --

Mr. Field. Have you caught three out of these thousands?

Mr. Walsh. I can't address myself to that.

Mr. Field. Are you aware that the CIA, the DIA, the Army, the Navy, the Air Force and NSA, all have their counterintelligence programs?

5-2
Mr. Walsh. I haven't acquainted myself with their programs, sir.

Mr. Field. Perhaps I can help coordinate the intelligence community, here.

Do you know how much they spend?

Mr. Walsh. No, sir, I haven't the slightest idea.

Mr. Field. Do you know if the CIA spends more than you do?

Mr. Walsh. I would certainly think so.

Mr. Field. We could again perhaps help you. I will have the staff afterwards if you like give you some idea of what they are spending because it might help.

Do you know how many they have caught?

Mr. Walsh. I haven't the slightest idea.

Mr. Field. Do they tell you what they are doing in general terms, even?

Mr. Walsh. We have liaison with them, Mr. Field, but it is not under my supervision and I cannot speak with any degree of expertise on it.

Mr. Field. Has anybody in the Administration ever told all of these people -- who spend multi-multi millions of dollars, over and over again -- really on the same program -- has anybody in the vernacular of my generation, maybe, told them to "get their act together"?

Mr. Walsh. I have no knowledge on that, no, sir.

Mr. Field. Is the real reason that the FBI spends a lot of money on counterintelligence perhaps not because they are going after the same person CIA is, because that probably would be foreign -- is it because the FBI, under the guise of counterintelligence is really going after such foreign threats as Angela Davis and that kind of thing? Is that really not where most of the manpower and the money is going?

Mr. Walsh. No, sir.

Mr. Field. Thank you very much.

Mr. Chairman, I yield back the balance of my time.

Chairman Pike. Mr. Pommerening, what is the total budget for the Department of Justice?

Mr. Pommerening. I believe our estimates for the fiscal 1976 budget are \$2,013,000,000.

Chairman Pike. That is close enough.

In the budget book for fiscal year 1976 it says that the FBI received, in 1974, 745,840 matters to investigate. Don't these investigations constitute gathering intelligence on American citizens?

Mr. Pommerening. The gross number of matters which FBI received to investigate -- of that gross number, the vast, vast majority are violations of Federal criminal statutes. And in --

Chairman Pike. You say the vast majority of investigations constitute violations of Federal criminal statutes. How many

-4
of your investigations are just the kind of background investigations that I had to get for every member of my staff sitting down here? Just background investigations of American citizens?

Mr. Walsh. I would say, if I may respond to that, Mr. Chairman, we had a survey which would embrace that and it is 3.798 percent of our efforts devoted to applicant matters.

Chairman Pike. Roughly 4 percent, then, of these 745,000 investigations would be that kind of investigation, is that right?

Mr. Walsh. That is right, Mr. Chairman.

Chairman Pike. Out of these 745,840 criminal investigations, how many were submitted for prosecution?

Mr. Walsh. The 745,000-odd embraces all of the investigations, not just criminal.

Chairman Pike. All right. The vast majority of these are criminal investigations?

Mr. Walsh. Yes, sir, that is correct.

Chairman Pike. Give me the number. How many of them were criminal investigations?

Mr. Walsh. I don't have the number offhand, sir. I could take a guess at it. Seventy-five percent would be my guess.

Chairman Pike. So you have 25 percent -- you have roughly 150,000 investigations which were conducted last year, which

5-5 were non-criminal investigations, is that correct?

Mr. Walsh. I'd say so.

Chairman Pike. What were they all? Is only 3 or 4 percent of them were these background investigations? What are you investigating besides crimes?

Mr. Walsh. We have jurisdiction over certain civil statutes, Mr. Chairman. I regret I don't have a list of them here --

Chairman Pike. Are not the things you are investigating under these statutes supposed to be crimes? You investigate people who have not committed crimes, other than these background investigations? As to which there is no allegation of crime?

Mr. Walsh. The principal investigative activity that we have is based on an allegation of crime, yes, sir.

Chairman Pike. That I know, but I am talking about the one-fourth of them that are not allegations of crime.

Mr. Walsh. The majority of them are the applicant-type ^{and security} investigations.

Chairman Pike. We have a statistical problem here.

Under what authority, Mr. Walsh, do you take out a red stamp and say that "This document shall be secret"?

Mr. Walsh. There are regulations promulgated by the --

Chairman Pike. Do you know what are the regulations?

Mr. Walsh. I can't --

5-6

Chairman Pike. What is your authority to classify your budget figures as secret?

Mr. Walsh. An executive order, sir.

Chairman Pike. Do you know the number of the executive order?

Mr. Walsh. I don't.

Mr. Pommerening. Executive Order 11652, Mr. Chairman.

Chairman Pike. It says Mr. Walsh may classify such figures as he wishes to, as secret, as far as the budget is concerned. That is his authority. I don't mean to indicate he is using this in an arbitrary fashion, but --

Mr. Pommerening. The executive order gives the Bureau the authority to classify items of information, the dissemination of which would be prejudicial to the national security of the United States.

Chairman Pike. National security of the United States.

Now is there any other authority that Mr. Walsh has by which he can classify documents secret?

Mr. Pommerening. No, sir.

Chairman Pike. Whose judgment is it that the budget would be prejudicial to the national security of the United States?

Mr. Pommerening. Mr. Chairman, the budget of the FBI is not in total classified.

Chairman Pike. Well any portion of it, on the budget.

Mr. Pommerening. The determination of the Bureau.

Chairman Pike. Mr. McClory?

Mr. McClory. Mr. Pommerening, you have undertaken an in-house investigation of how to better evaluate your own programs and to get better dollar value for the different activities which are carried on by the Federal Bureau of Investigation, have you not?

Mr. Pommerening. We are, yes.

Mr. McClory. And that was done just recently. Well, it is completed isn't it? Was there not an investigation undertaken by the FBI's ^I Inspection ^D division of its own activities in April, March and April of this year?

Mr. Pommerening. The internal audit staff of the Department of Justice is under my jurisdiction. It has recently initiated the first major audit that has been made on departmental level within the jurisdiction of the FBI. The subject of their review is the inspection capacity and ability of the FBI.

Mr. McClory. The work has all been completed has it not?

Mr. Pommerening. The audit, I believe, has been completed.

Mr. McClory. You have not made that report available to our committee yet have you?

Mr. Pommerening. I don't believe I have gotten it from my staff, Mr. McClory.

5-8

Mr. McClory. Do you know when you are going to have it? When you have it, we can have it, can we not?

Mr. Pommerening. Certainly.

Mr. McClory. Are you familiar with the report on the Interagency Committee on Intelligence of 1970, in which Mr. Hoover participated?

Mr. Pommerening. I am not.

Mr. Walsh. I am not, Mr. McClory.

Mr. McClory. That would be a secret document, but you would have it in your possession, would you not, because Mr. Hoover had one.

Would you get that and would you look it over please? It has something to do with coordinating activities in the area of intelligence. Would you do that?

Mr. Pommerening. Certainly.

Mr. McClory. Would you make that available to this committee, too? Since I know you have a copy. I am not going into any of the details regarding it but, you see, we are trying to get, really, at the crux of the problem and one of the problems is that we have a terrible lack of coordination between the intelligence agencies, including the FBI.

We established the Drug Enforcement Agency. What I would like to know is this: What has happened as far as the FBI's interception, interdiction, whatever you call it, of drug traffickers as a result of this, since they have separate and

5-9

independent authority to investigate and apprehend drug traffickers? What I am concerned about is, maybe what the Congress does by developing more agencies and more divisions to attack particular problems, we really create problems for ourselves by dispersing authority. Could you comment on that?

Mr. Pommerening. The enforcement of the Federal criminal laws in the area of narcotics and dangerous drugs is a discreet area of law enforcement and the Administration and the Congress in their infinite wisdom have deemed it appropriate it be handled by a separate organizational entity within the Department of Justice.

Since the creation of the Drug Enforcement Administration on July 1, 1973, our staff ⁱⁿ and its activities in supervizing the budget has been impressed by the good levels of liaison and cooperation that exist between the two organizations. As I understand it, any information or any leads that the Bureau surfaces in the pursuit of their other responsibilities are immediately transmitted to DEA for their appropriate action.

t fls

1210
Mr. McClory. My information is we have really had a breakdown in apprehending the big drug traffickers. We are getting more of the middle level drug traffickers and those in the lower levels but some of the big operators in hard drugs are not being detected the way they were just a few years ago.

Do you utilize the CIA in connection with drug enforcement as well?

Mr. Pommerening. I would have to, Mr. McClory, go back and review some of my DEA materials in order to respond with the degree of accuracy to which I think you are entitled. I did not do that prior to this morning's session.

Mr. McClory. I see my time is up, Mr. Chairman.

Chairman Pike. Mr. Dellums.

Mr. Dellums. Mr. Chairman and members of the committee, while we are proceeding on our long journey to follow the dollars, what is really at issue here is the people's freedom specifically guaranteed by the Constitution and the Bill of Rights to that Constitution.

It seems to me here the question is whether or not we have already lost many of our freedoms through agencies ostensibly designed to protect those precious freedoms on the part of the people.

I have an FBI document dated 2/26/71 to the Director of the FBI from the Special Agent in Charge, San Francisco.

The document regards a constituent of mine whose name I will not use.

The next to the last paragraph reads:

"Due to lack of information and activities of subject, San Francisco is not submitting a summary report at this time. Subject is not being recommended for inclusion on the security index as it is felt additional investigation is required before this evaluation can be reached."

I would like responses to the following questions:

What is the security index?

What was the authority for it?

Is it still in operation?

If not, when did it end?

Was this operation ever discussed with Congress or OMB?

Did the budget show funds for this operation?

Please provide full files and data to this committee.

I have, Mr. Chairman and members of the committee, another document here dated 1/21/71, to all agents, from SAC, Portland, subject FBI intelligence letter for the President, code name "INLET" "Inlet" Research Satellite Matter. I would like to read some short parts of this.

"For information of all agents. The Bureau, during 1969 initiated captioned programs of furnishing high level intelligence data in the security field to the President and the Attorney General on a continuing basis. The materials

5-3
to be furnished the Bureau is not of routine nature but rather that which has the quality of importance and timeliness necessary to secure the President's interest and to provide him with meaningful intelligence for his guidance.

"The Bureau is not interested in more rumors or nebulous information."

It goes on to describe such intelligence including the following listed in Item No. 6:

"Items with an unusual twist, or concerning prominent personalities which may be of special interest to the President or the Attorney General. It is to be noted that the type of information desired in paragraph 6 may be obtained through investigations not wholly related to the security field."

I would like to ask:

Who authorized "INLET?"

Is INLET still in operation?

Did it include political intelligence?

Has the FBI ever gathered political intelligence?

When; for whom?

Please provide for the committee full files.

Mr. Chairman and members of the committee, to follow on the questions of Mr. McClory:

The FBI has hired a significant number of informants.

I would like to focus for a moment on a case that speaks to the use of funds, method of operation and the capability of audit.

46-4
I would not use specific names.

The gentlemen from the FBI, I am sure, can verify this narrative.

In the early 1970s a former member of the Minuteman Organization was recruited as an FBI informer. He was the leader of a Right-Wing organization called "The Secret Army Organization."

The prime function of the informer was to surveil and harass activists.

While on the FBI payroll at \$200 per month, plus expenses, the informant participated in bombings and burglaries. During one of the burglaries a gun was stolen. Some days later that gun was fired at the house of an activist shattering the elbow of a young woman. The informer was in the car from which the gun was fired.

The informant took the gun and gave it to his FBI contact. The agent hid the gun under his couch for six months until the SAO member who did the shooting was apprehended by local police. The incident finally cost the agent his job.

During this same period the informer published at least indirectly at FBI expense these two very interesting gems:

1. Booby Trap. A how-to treatise.

No. 2. The use of ammonium nitrate in high explosives.

I would assume to discredit the progressive political community in this country.

5 I hope this committee will look fully into this matter.

I would like to ask the FBI representative if he is familiar with the case and wishes to comment, but with a preface of several questions.

How many informers does the FBI have?

How many informers in the last decade have been found to have participated in lawless acts while informants?

How much money is budgeted for informants?

What kind of controls are there on informers?

What authority and regulations governing use of informers do we have?

Are there now FBI counterintelligence programs that utilize informers?

I would ask the gentleman to please provide for this committee full data and information.

I have also before me a memorandum, FBI, dated 5/9/60, to W. C. Sullivan from C. D. Brennan. Subject: Counter intelligence program, Internal Security, Disruption of the New Left.

I would like to read the first paragraph:

"Our nation is undergoing an era of disruption and violence caused to a large extent by various individuals generally concerned with the New Left. Some of these activists urge revolution in America and call for the defeat of the United States in Vietnam. They continually have falsely

t-6
alleged police brutality and do not hesitate to utilize unlawful acts to further their so-called causes.

The New Left has on many occasions viciously and scurrilously attacked the Director of the FBI in an attempt to hamper our investigation of it and to drive us off college campuses. With this in mind, it is our recommendation that a new counterintelligence program be designed to neutralize the New Left and the key activists.

The key activists are those individuals who are the moving forces behind the New Left and upon whom we have intensified our investigations.

I wonder if the program was started because the Director was called names.

I have also a Cointel paper dated 3/4/68 to all agents in charge from the Director of FBI entitled "Counterintelligence Programs, Black Nationalist Hate Groups, Racial Intelligence."

I would like to read a part of it:

"2. To prevent the rise of a Messiah who could unify and electrify the militant black nationalist movement"-- and I leave out names -- "_____ might have been such a Messiah."

"He is the martyr of the movement today. _____, _____ and _____ all aspire to this position. _____ is less of a threat because of his age. _____ is to be a very real contender for this position should he abandon his proposed

obedience to white liberal doctrines, non-violence and embrace black nationalism. _____ has the charisma to be a real threat in this case.

I characterize this as an extremely racist and extremely dangerous and it is appalling that an agency of the government charged with the responsibility to defend the delicate rights of human beings in this country would ever embark upon this kind of statement.

I have papers that show that an operation Cointel program to include harrassment, disinformation, warrantless entry, unauthorized access to bank records, defamation and illegal mail coverage.

I would like to ask for full files on Cointel and the following questions.

Does FBI have any intelligence or counter-intelligence programs presently under way?

If so, what are they?

Did FBI have a counterintelligence program to pit Black Panthers against organized crime?

What is the FBI's role in CONARC program, code word "Garden plot?"

Please furnish full file.

Does the FBI operate in Canada in any role beyond liaison?

Has the FBI ever provided confidential information to

ITT?

Within the last decade has FBI initiated any intelligence or counterintelligence programs against labor unions?

Has the FBI ever attempted surreptitiously to monitor the defense efforts of a federal defendant?

Has the FBI, any agent or informant ever authorized or directed, suggested or participated in an assassination or such an attempt?

Has FBI ever initiated any operations or efforts against radio stations, news services or newspapers?

Has the FBI ever sought or obtained illegal access to bank records?

Has the FBI ever participated in surreptitious entry operations?

JFK Act 6 (1)(B)



Has the FBI ever participated in mail covers?

Is there any FBI program against AIM, the American Indian Movement?

Explain fully the specific Operation COINTEL Program.

Are similar programs now in existence?

Please furnish files.

Were COINTEL programs discussed with OMB, the Attorney General or Congress prior to their initiation?

What authority was there for expenditure of funds and manpower for COINTEL?

What is the and has been the FBI relationship with the
Bell Telephone Company and ITT?

Please furnish all files.

What is the Law Enforcement Intelligence Unit?

Does it maintain files on U. S. citizens?

What was the authority?

Does it pass information to State and Local agencies?

How is this program funded?

DEFA Act 6 (1)(B)

Now, with respect to DEA. Please explain the full
nature and scope of [REDACTED]

[REDACTED]

Give the committee full data.

Explain Operation Silver Dollar and the relationship
of the Drug Enforcement Agency offices and Mr. Howard Hughes.

Please give this committee all data.

How many --

Chairman Pike. The time of the gentleman has expired.

Mr. Dellums. Thank you, Mr. Chairman.

Chairman Pike. Did you wish to make any response?

Mr. Walsh. I cannot make a response, sir.

I started to take some notes, but I am inadequate in
that regard and I would like to suggest, if it is agreeable
to the Chair, that the questions be submitted to us in writing.

Chairman Pike. That certainly will be done in that
manner.

Mr. Walsh. Thank you, sir.

Chairman Pike. Mr. Murphy.

Mr. Murphy. Thank you, Mr. Chairman.

Mr. Walsh, or Mr. Pommerening, recently the head of the Justice Department relieved Mr. John Bartels as head of the DEA. Subject to an investigation on the Senate side, the Jackson Subcommittee on Investigations, one of the charges made by that committee was that there was "endemic corruption" in the DEA.

My question to you, as auditors of the Justice Department, DEA and FBI, I understand a Mr. Sil^berman, who is now our Ambassador to Yugoslavia, on two occasions undertook to investigate Mr. John Bartels and the charges leveled against him.

My information is said to be that Mr. Sil^berman found no corruption on Mr. Bartels' part. What have you, if anything, found in your auditing of the DEA that would indicate there was corruption in the DEA under Mr. Bartels' leadership?

Mr. Pommerening. None of the contacts of my staff has indicated the presence of any corruption.

Mr. Murphy. I didn't hear that.

Mr. Pommerening. None of the activities of my staff, in their several responsibilities in working with DEA, gives me any reason to believe there was corruption of any kind, endemic or otherwise, in DEA.

Mr. Murphy. So there was no corruption and your staff

dt-11

would know, is that right?

Mr. Pommerening. I didn't say that, Mr. Murphy.

We audit the programs, we audit the budgetary requests, we audit the finances.

Mr. Murphy. You also audit any money they would have to use to pay their informants, would you not? Did you find anything these?

Mr. Pommerening. No, we did not.

Mr. Murphy. Did you find anything as far as corruption in regard to their payroll?

Mr. Pommerening. No, sir.

Mr. Murphy. Did you find anything with regard to corruption involving foreign travel?

Mr. Pommerening. No.

Mr. Murphy. In the maintenance and running of any of their foreign offices?

Mr. Pommerening. No.

Mr. Murphy. In the maintenance or running of any domestic offices?

Mr. Pommerening. None of my audit activities --

Mr. Murphy. I want to make sure we are covering everything your audit would cover, Mr. Pommerening.

In other words, ninety per cent of the DEA's work is done through money coming from the budget, is that correct?

Mr. Pommerening. Mr. Murphy, we are not in a posture of

continuous audit in any one of the organizations in the department. We have an audit staff of 52 people covering all organizations in a 50,000-man department. Our audits are, at intervals, divided between special activities or programs in the organization.

Mr. Murphy. How often would you audit DEA's books?

Mr. Pommerening. In their totality?

Mr. Murphy. In any part. Any part. At least once a year?

Mr. Pommerening. No, sir.

Mr. Murphy. You don't audit that often?

Mr. Pommerening. Absolutely not.

Mr. Murphy. What is your procedure for auditing?

Mr. Pommerening. Our procedure is to make audits of selective programs and if we can achieve a three-year cycle, we would be very happy. We have not been able to do that. Nor have our audits in the case of DEA or any organization in the department covered the totality of the operation.

Mr. Murphy. Do you know anything about the investigation

Mr. Silberman^b undertook of the DEA?

Mr. Pommerening. I do not.

Mr. Murphy. Do any of you gentlemen?

How about you, Mr. Walsh?

Mr. Walsh. I do not, sir.

Mr. Murphy. Could we get that information?

Mr. Walsh. I know nothing about it, sir.

Mr. Murphy. Could you ask?

Mr. Pommerening. I would suggest if the committee wanted the file they would be advised to direct a request to the Deputy Attorney General.

Mr. Murphy. Who in the FBI would we bring before this committee when we are looking for whether or not there is a connection between NSA and its intelligence-gathering activities and FBI? I understand you people are not in that line of work.

Mr. Walsh. I would suggest that Assistant Director Wannall would be the proper individual.

Mr. Murphy. The Assistant Director?

Mr. Walsh. Yes, sir.

Mr. Murphy. Thank you, Mr. Chairman. That is all the questions I have.

Chairman Pike. I will say to the gentleman the Director would know about it too. We might even ask him.

~~Mr. Aspin.~~

Mr. Aspin. Thank you, Mr. Chairman.

I would like to ask the gentleman a couple of questions about where the authority comes from for doing some of the things that are being done.

For example, you know in the CIA the authority for the CIA's activities are that 1947 Act which lays out certain kinds of provisions.

The authority for the National Security Agency getting involved is that very secret executive order which we finally were able to get.

Where is the authority for the Justice Department and the FBI to get involved in things like internal security and counterespionage? Where does that arise?

Mr. Walsh. I haven't that information, Mr. Aspin. I would be glad to respond in writing. I do not have it in my memory.

Mr. Aspin. Does anybody you have brought with you know where this comes from?

Where in the law is there authority for the FBI and the Justice Department to do these kinds of investigations?

Or which executive order? Where is the charter for what you are doing? Where is the authority?

Mr. Pommerening. Mr. Aspin, I have a long series of statutory references covering in general the areas in which you are expressing interest. I can just read some of them -- and they are scattered through this long document. I wasn't aware you might be asking that specific question so I did not pull them together. If you would like to take the time for me to page through this and cite them, I will. Otherwise, I will put them in the record in an orderly fashion.

Mr. Aspin. Provide it for the record if you can.

Mr. Pommerening. We do have a statutory reference to

every one of the programs which we view as our grant of authority.

(The information follows:)

(COMMITTEE INSERT)

Mr. Aspin. What kind of statutory reference is it? Is it a law, an executive order in general? What kind of things are you talking about?

Mr. Pommerening. There are various federal statutes including rebellion and insurrection, Title 18, U. S. Code 2383.

Mr. Aspin. Does it mention the Justice Department and FBI?

Mr. Pommerening. I haven't the full text here, Mr. Aspin.

Mr. Aspin. As we are not going to be able to do it in this kind of discussion, perhaps the best thing to do is just provide that information that you have for the record.

Mr. Pommerening. I would be very happy to make an orderly computation.

Mr. Aspin. What I am particularly interested in is, what gives FBI the authority to, for example, conduct intelligence operations within organizations which have not committed a crime? I understand there are certain authorities where you suspect someone of committing a crime.

FBI feels they can investigate organizations which have not broken the law. I'd like to know from where that authority comes.

Mr. Pommerening. We would be happy to give you our justification.

(The information follows:)

(COMMITTEE INSERT)

Mr. Aspin. Let me ask another question: The FBI essentially does three different kinds of things. It does, for example, security checks of the kind where, you know, somebody needs a security clearance to get a job, or get a security clearance in order to receive classified information from government agencies and that kind of thing. It also does criminal surveillance and it also does non-criminal surveillance, like the check-up on antiwar groups and other things to keep an eye on them.

When you have those three things and have them all mixed together, is there a way to keep those separate? In other words, the files being done on people for security checks, do they get mixed in with other files? Is there any procedure to make sure those things are separate? As I understand, it is the same kinds of people which are doing the same checks in many cases.

Mr. Walsh. The files, Mr. Aspin, are maintained in the ~~F~~ ^{and} files of the Communications Division, -/

Mr. Aspin. Which files do you now speak of?

Mr. Walsh. All files.

Mr. Aspin. They are kept in what office?

Mr. Walsh. Files and Communications Division of the FBI.

Mr. Aspin. All files on anybody. If you did a security check on Sam Jones to get a job, that would be kept by that

division as well as if you were doing a check on somebody because you thought they were the people who were involved in a bank robbery.

Mr. Walsh. Maintained according to classification.

Each type --

Mr. Aspin. How do those classifications work and how are they kept separate?

Mr. Walsh. They are in chronological order. For example, Classification 1 deals with the National Academy and Training Matters as to all investigations.

Mr. Aspin. When you have a Classification No. 1, is there any reason why somebody can't transfer information from one category to another? For example, a file done on somebody which is just a sheer security check kind of file, what would prevent that from being added to another information picked up somewhere else?

Mr. Walsh. Nothing, sir.

Mr. Aspin. Nothing would prevent that?

Mr. Walsh. Nothing.

Mr. Aspin. So in fact it could happen?

Chairman Pike. The time of the gentleman has expired.

Mr. Kasten.

Mr. Kasten. Mr. Walsh, does ^{the} FBI include state and local police budgets or the money you spend with state and local police in its overall FBI budget?

Mr. Walsh. I am sorry, sir, I don't ^{understand} get the question.

Mr. Pommerening. The answer is yes, Mr. Kasten.

Mr. Kasten. How is it included in the budget?

Mr. Pommerening. ^{One of} The primary category ^{is} where FBI budgeted funds are used for law enforcement purposes is in the training of state and local law enforcement people ^{at} in Quantico.

Mr. Kasten. Do you use state and local police to collect intelligence? Specifically for wiretapping or surveillance?

Mr. Walsh. No, sir, not to my knowledge.

Mr. Kasten. Is it not a fact you have used District of Columbia police for wiretapping?

Mr. Walsh. I have no knowledge of that. I am completely ^{uninformed} ignorant on it, sir. I don't know.

Mr. Kasten. If this was in fact going on, one of the reasons may be that the state and local laws are sometimes less restrictive in areas of wiretapping and surveillance than the Federal law.

Mr. Walsh. I can't respond to that, sir. I have no knowledge in that field.

fls.

Mr. Kasten. ^{Are} ARE you aware of the existence of a school in Fort Lauderdale, Florida, known as the National Intelligence Academy?

Mr. Walsh. No, sir.

Mr. Kasten. Mr. Pommerening?

Mr. Pommerening. I am not aware of it, Mr. Kasten.

Mr. Kasten. There is a sign on the receptionist's desk in that academy: "U.S. Government regulations prohibit any discussion of this organization, or this facility." Do you know anything about this at all?

Mr. Pommerening. I do not.

Mr. Walsh. I do not.

Mr. Kasten. It is run evidently by a Jack Holcomb, who has been working with the NIA. He has publicly boasted of being contacted by FBI to handle "anything the Feds won't touch." In the past sixteen months, the National Intelligence Academy has been teaching sophisticated skills of electronic spying to many officers, including two foreign nations. From the quote in Newsweek Magazine, he is working with the FBI. ⁶ ARE you aware of this?

Mr. Walsh. I am not aware of this in any way, sir.

Mr. Kasten. Then I can't ask you whether you contract with them under any circumstances, or where those funds would be, could I?

I wonder if we could ask, Mr. Chairman, that they research

this?

Chairman Pike. I think perhaps the gentleman could respond as to where the funds would be if they did contract with them, even if he is not aware of it.

Mr. Walsh. Mr. Chairman, we have no contract with an organization of that name, I can tell you that. The contracts come under my jurisdiction. I have never heard the name, sir.

Mr. Kasten. Let me go back to the question of working with local governments in training and other kinds of ways.

When we talk about the cost of Federal intelligence, are you satisfied that the work that takes place in state and local governments, coordinating with the FBI in some cases with wiretapping, or surveillance, is that being reflected in addition to the training money? Do you deny any of this coordination goes on?

Mr. Walsh. No, sir; we have no cooperative effort to get local police to place wiretaps in our behalf, if that is what the question is, sir.

Mr. Kasten. It is clear to me in one case you have been working with state and local police, and what I am interested in is whether or not this work which I believe is going on with state and local police should be reflected somewhere in the overall FBI budget, in addition to the training?

Mr. Walsh. If we could respond to that, Mr. Kasten, in

3
writing, I would be pleased to prepare a response. I am just ignorant on the subject.

Mr. Kasten. Thank you, Mr. Chairman. I yield back the balance of my time.

Chairman Pike. I just want to say on behalf of Mr. Walsh, that in fairness to Mr. Walsh, we did indicate that the basic thrust of our questioning today would pertain to budgetary matters. I realize that a great deal of the questioning has run some distance from that. When you say, as you have too often -- don't keep using the words "I am ignorant of these matters", just say, "It doesn't come within my jurisdiction." It sounds a lot more classy.

It is fair to you to say that we recognize that this does not all come within your jurisdiction.

Mr. Milford?

Mr. Walsh. Thank you, Mr. Chairman.

Mr. Milford. Thank you, Mr. Chairman.

Chairman Pike. Does the gentleman yield for a parliamentary inquiry?--

Mr. Milford. Yes.

Mr. Dellums. I would like to ask, are the questions that I raised to be submitted for the record?

Chairman Pike. Oh, yes.

Mr. Milford. I have no specific questions, but I would like to make just one short statement that kind of bothers me

a little bit. There seems to be kind of a new fad that is very popular with some of our citizens and even a few of our colleagues in Congress that would seemingly paint our intelligence community as "guys with black hats".

The premise seems to be that anything that is secret is bad. The sensational revelation in the Watergate episode and a few illegalities discovered within our police and intelligence agencies have furthered this black-hat image.

I think it is important for us to keep a proper perspective and recognize a few facts of life. There are ^{division} ~~diversive~~ elements operating within this country that pose a definite threat to our society and to our governmental system. These elements do not respect human rights. They do not respect laws nor civil rights, or any other principles of our democratic system.

Mr. Walsh. While I would not in any way want to deny any American citizen his due process or the protection of our laws, we must also realize that the ^{divisive} ~~diversive~~ elements will use these same laws to hide their activities. The job of our intelligence community is very difficult, yet very vital.

I think that the Congress must recognize that society, as a whole, has the right to exist and to be protected. We have a narrow line to walk in, being sure that our laws protect both the society and the individual.

While neither this Committee nor I would tolerate illegal

activities within our police or intelligence agencies, I would not want to condemn the thousands of loyal employees in these agencies because of the acts of a few.

Frankly, as an ex-police officer some years back, I have the highest respect for the Federal Bureau of Investigation. I think it has an outstanding record, and I would not want anyone to feel that I, for one, feel that it is wearing a black hat.

Mr. McClozy. Would the gentleman yield?

Mr. Milford. I yield.

Mr. McClozy. I thank the gentleman for yielding, and I want to concur in the statement that the gentleman has made. I would also like to add that, you know, any of my inquiries which tend to test the activities or the expenditures of funds or inquiring into what might be regarded as excesses, or improper actions, should not be interpreted as any lack of respect for the legitimate and extremely important function of the FBI and the other agencies, including all the intelligence agencies.

Mr. Milford. I will join with you in ^{your comment} ~~the inquiry~~. I think we should probe and probe deeply, but at the same time I wouldn't like the impression to go out that all is bad in the situation.

I yield back the balance of my time, Mr. Chairman.

Mr. Forrester. Thank you.

Chairman Pike. Mr. Hayes.

Mr. Hayes. Thank you, Mr. Chairman.

Mr. Pommerening, since your having assumed your present responsibilities in August of 1974, approximately a year ago, can you tell me how many audits your internal audit section has completed under your direction?

Mr. Pommerening. Off the top of my head, Mr. Hayes, I cannot.

Mr. Hayes. Are you responsible for delineating the audits, how they are perceived, and in what particular section they are perceived, whether or not they are to be directed to a special activity or a program?

Mr. Pommerening. I have a general responsibility. However, it has been my policy to clothe the internal audit staff with a large measure of autonomy so they can move on their own motion into areas where, by reason of their working with the organization, they think there is a problem that should be reviewed.

There are occasions where there are special program areas or subareas which come to my attention, which I feel warrant some review, in which case I will review the matter with the Director of the audit staff and he will generally, at my direction, move into that area.

Mr. Hayes. Within your specific responsibilities, then, have you had occasion to have brought to your attention by

part of the audit staff, any internal audit section work with what we have been discussing generally as the intelligence responsibilities of the Federal Bureau of Investigation?

Mr. Pommerening. No.

Mr. Hayes. So during at least that period of time there have been no audits undertaken by the Internal Audit Section?

Mr. Pommerening. To this point the activity of my staff in the FBI -- and I referred to this earlier -- has been to undertake and, I believe, as I think Mr. McClory mentioned, they are almost at the conclusion of an audit of the inspection and internal audit capacity of the Federal Bureau of Investigation.

Mr. Hayes. Repeat that. You say there is a special report being done on the internal audit capacity of the FBI?

Mr. Pommerening. That is correct.

Mr. Hayes. Who directed that to be undertaken?

Mr. Pommerening. I did.

Mr. Hayes. Did you do that in response to specific requests from the Attorney General?

Mr. Pommerening. No, sir.

Mr. Hayes. On your own motion, then?

Mr. Pommerening. Yes, sir.

Mr. Hayes. To your knowledge that is the first one of those in the history of the FBI?

Mr. Pommerening. Yes, it is, in that area. There has been one other audit we have conducted in the FBI, and that

was a part of the Department-wide audit.

Prefacing that comment I must say the internal audit staff in the Department of Justice did not exist until June of 1970, and it has been developed from a zero resource organization --

Mr. Hayes. So, in other words, that audit is sometime between 1970 and the present?

Mr. Pommerening. There is another audit as part of a Department-wide review, and that is an audit of what is known as the confidential funds in the FBI, which is an annual appropriation of \$70,000 that can be dispensed --

Mr. Hayes. That is two audits.

Can you tell me whether or not you have been directed by anyone to reduce your internal audit staff due to pressures of inflation or due to Presidential directives to save money and economize?

Mr. Pommerening. That is not true. It has never been suggested to me. This is the first time I have heard that.

Mr. Hayes. I have just inquired. Have you?

Mr. Pommerening. No. As a matter of fact, the staff has grown continuously.

Mr. Hayes. Do you have underway at the present time discussions on specific audits of the ^Intelligence ^Section that are to be undertaken in the future, either in conjunction with the general Congressional overview of intelligence

activities, or for any other reason?

Mr. Pommerening. Mr. Hoobler's staff has in recent months done some work with the Criminal Division in evaluating and assisting them in the program of organized crime intelligence.

In addition, in my organization I have an Information Systems staff charged with reviewing all automated data processing and telecommunication programs within the department. Some of these, of course, pertain to the intelligence efforts of some organizations in the Department. Because of the very particular area of expertise there, the primary and in-depth reviews and audits are handled by that staff, and they are ongoing in organizations within the Department.

Mr. Hayes. By that staff of Mr. Hoobler?

1. Mr. Pommerening. No, this is the Information Systems staff.

Mr. Giaimo (presiding). The gentleman from Colorado is recognized for five minutes.

Mr. Johnson. Mr. Walsh, when you established there was no congressional direction of where the FBI spends funds or how it spends them or really if there was any interest on the part of the Congress, I would like to know who makes the decisions with respect to how much money will be spent in the intelligence field, and in counterintelligence?

Mr. Walsh. I ~~would say~~^{They} that would be made by the Director of FBI in consultation with the Executive^S Conference.

Mr. Johnson. Who constitutes the Executive^S Conference?

Mr. Walsh. The Executive^S Conference is composed of the 13 Assistant Directors, each of whom heads a division; and there are two ^Aassistants to the Director^s, one of whom is in charge of all administrative matters ^{and} ~~and~~ The other is in charge of all investigative matters; ~~and then~~ the Associate Director, Mr. Callahan, and Mr. Kelley, ~~comprise the Executive~~ Conference.

Mr. Johnson. At this level, is there any input from the Director of Central Intelligence?

Mr. Walsh. At that level, sir?

Mr. Johnson. When you are starting to make up your budget and are allocating the amount of money you want to

8-2

put into your budget for intelligence and counterintelligence, do you have any contact with the Director of Central Intelligence?

Mr. Walsh. Yes, sir. Mr. Wannall's ^Ddivision. He is the Assistant Director in charge of the Intelligence Division, which has liaison with the Director of Central Intelligence.

Mr. Johnson. What do you mean when you say they have liaison? They get together for coffee once in a while, or do they have continuing contact? Does he talk to the Director of Central Intelligence or does he talk to his secretary or to his assistant? What actual contact do they have to coordinate this spending? Does the Director of Central Intelligence say "We need to have you spend this much money or do this kind of activity"?

Mr. Walsh. The specific details of their relationship, Mr. Johnson, I am not acquainted with.

Mr. Johnson. How about the Attorney General, does he have any input into this budget-making process?

Mr. Pommerening. I would like to respond to that. Mr. Walsh has described elements of the process within the Bureau. After they have made their determinations and make a submission to the Department based upon the very complicated and definitive program structure which I described to you earlier, it is then reviewed in my office. Questions or issues are isolated and the major ones are brought to the attention of

the Attorney General and the Deputy Attorney General who then review them or may confer with me and my staff, they may confer with Director Kelley and his staff, and make final judgments of their own as to the appropriate allocations of resources for the Bureau's activities which are then incorporated in the ^Ddepartmental budget that is submitted to the Office of Management and Budget.

Mr. Johnson. You participate in this process, yourself, then?

Mr. Pommerening. Yes, I do.

Mr. Johnson. You went over in detail the amount of money they allocated for intelligence activities?

Mr. Pommerening. I can't answer that without making the time frame more precise. I tried to illustrate the fact that the ^Ddepartmental involvement in this process has escalated rapidly over the last three years. That involvement three years ago was not nearly as intense and as rigorous as it is today.

Mr. Johnson. So three years ago we will say there was in effect little or none?

Mr. Pommerening. Much less.

Mr. Johnson. How much time did you spend analyzing the amount of money that is going into intelligence activities and what detail you are going into them?

Mr. Pommerening. What year?

3-4

Mr. Johnson. This year.

Mr. Pommerening. This year in development of the fiscal year '77 budget, Mr. Johnson --

Mr. Johnson. I am just referring now to the intelligence-gathering activities because that is the scope of this investigation as you know.

Mr. Pommerening. Four or five of my people spent four weeks of long days reviewing the FBI budget and in assessing their time commitment I would think that probably half of that was devoted to a review of the intelligence programs that exist in the FBI.

Mr. Johnson. So then you reviewed that and then that went to the Attorney General?

Mr. Pommerening. It has not yet.

Mr. Johnson. But it will in the process?

Mr. Pommerening. It will.

Mr. Johnson. Now when you go to OMB they don't really take a close, hard look at it and say "Well, we think maybe you are duplicating"? They obviously haven't time for that do they?

Mr. Pommerening. They haven't the resources to devote to it that I do.

Mr. Johnson. Does the President have any input into this? Has he any knowledge as to what CIA and FBI are doing in this kind of domestic intelligence?

8-5

Mr. Pommerening. I can't speak for President Ford.

Mr. Giaino. The time of the gentleman has expired. The gentleman from Florida is recognized for five minutes.

Mr. Lehman. Thank you, Mr. Chairman.

I mentioned before Patty Hearst and Jimmy Hoffa and you indicated that was basically an investigative type of operation not intelligence. To clarify that can you give me a ball park figure on how much you have spent on Patty Hearst, whether it is \$500,000 or \$20 million or what? Can you give me a rough idea, on that investigation?

Mr. Walsh. In response to that, Mr. Lehman, the principal expenditure is manpower. If we were to compute the salaries of the agents working on that -- if you are asking for an "off the top of my head" figure, I would say half a million dollars at least, to date, but I can furnish the information for the record if any cost data have been collected.

Mr. Lehman. Of course I think just from what you read in the papers, it must have been several times that much money in my mind, but what I am trying to get at is that of that, it is all investigative expenditures but don't you gather an awful lot of intelligence information that goes into part of your intelligence program that isn't really covered by this rather modest \$82 million intelligence budget? What I am trying to say is that investigation costs cover a lot of your intelligence costs and by transferring these operations, or transferring the results of these operations,

INSERT
ATTACHED

(The information follows)

Following the initial and major thrust of the Hearst investigation, cost figures collected on a one-time basis disclosed that as of May 5, 1974, \$2.6 million had been expended by the FBI on the case. Specific figures as to the cost of this investigation have not been collected since that time.

-6
are you not really spending a lot more for intelligence than is indicated in the \$82 million?

Mr. Walsh. It gets down to a question of definition and what you say is certainly true but there is no way to compute that.

Mr. Lehman. I think I have made my point that perhaps from the standpoint of actuality, \$82 million does not include your whole intelligence budget.

Let me go back to what Mr. Pike was talking about in the statistics in regard to the number of files that you have. I think you said there were 700,000 active files.

Mr. Walsh. No, sir, these are investigative matters received. There were many more times than that.

Mr. Lehman. You have that many --

Mr. Walsh. There are ^{over 6} ~~56~~ million files in the Files and Communications Division of ~~FBI~~ ^{of} ~~and some~~ ⁸ 50 million index cards I believe.

Mr. Lehman. What do you call those that you had the 700,000 on?

Mr. Walsh. Investigative matters received in a fiscal year.

Mr. Lehman. In those investigative matters you said ^(percent) 75 ~~regarded~~ criminal investigations, ~~approximately 75,000~~ ~~75 percent~~. About 6 percent were security clearances and the other 20 or 21 percent were all others that were basically ~~neither criminal nor security~~ ^{type investigations}.

8-7 Would those "all others" include such files as perhaps Joan Baez, or Jane Fonda, or citizens that have not committed a crime and have not applied for security clearance? I wonder what is in that other 20 percent and what is the authority for pursuing this kind of activity?

Mr. Walsh. I can't tell you with specificity, sir, but every individual that we have acquired information on in pursuance of our mission could very likely have a file open.

Mr. Lehman. Are there any Congressmen in those particular files?

Mr. Walsh. I believe there are files on Congressmen, sir, and I think we have reported the specific number in another forum. I haven't that statistic with me but we have reported that number.

Mr. Lehman. Can I ask you a very personal question?

Mr. Walsh. Certainly.

Mr. Lehman. Am I in there?

Mr. Walsh. I don't know that, sir.

Mr. Lehman. Could you let me know?

Mr. Walsh. I imagine I could, sir, yes.

Mr. Lehman. If you did have one, could I see it?

Mr. Walsh. I can't answer that because there are procedures that have to be followed --

Mr. Lehman. I am not trying to make this a personal thing but I am trying to relate it to what is the basis for

8-8

this kind of activity.

Mr. Walsh. Under the "Freedom of Information Act", Mr. Lehman, I would assume that your file and anyone else's file is available.

Mr. Lehman. All these files you have, anyone could see if they request the information in that file?

Mr. Walsh. The terms and regulations under the "Freedom of Information Act" are very technical.

Mr. Lehman. In these noncriminal and nonsecurity clearances -- I think this has been asked before but I would like to ask it again: What is the legal justification for this activity? On what legal basis do you acquire this information?

Mr. Walsh. Security clearances are pursuant to Executive Order. I would like to mention, sir, the vast majority of those investigations, the preponderant majority of them, are not conducted by the FBI. They are conducted by the Civil Service Commission.

Mr. Giaino. The time of the gentleman has expired.

Mr. Walsh, can you tell us how much the FBI spends on computers, hardware and all that is encompassed within the expenditures for computers?

Mr. Walsh. We have those figures, Mr. Chairman. Whether we have them with ^{us} ~~per~~ or not I can't tell you but we know specifically how much that is.

Mr. Pommerening. For fiscal year 1975, which is the year I have been quoting figures from, the amount of monies committed for ^(computer) systems support was ~~\$11,296,000~~ ^{\$ 9,384,000}.

Mr. Giaino. That is for systems support?

Mr. Pommerening. That includes hardware rental, acquisition, staff, software, telecommunication lines and so forth.

Chairman Pike. Can you tell me if you know what types

of information the computers are used for? Are they strictly for FBI usage or are they tied in, in any way to other governmental services or agencies of any kind?

Mr. Pommerening. To the best of my knowledge, they are used solely for FBI purposes, plus the contact which is maintained with ^{federal} state and local law enforcement to enter data and retrieve data and make inquiries with the NCIC system, which as you know, is composed of eight files including fugitives, stolen cars, stolen securities, stolen firearms and these sorts of things.

Chairman Pike. If you can enlarge on that question for the record, we will appreciate it as to whether or not in fact you gain information and data from any other governmental agencies other than those of the FBI and the activities within the jurisdiction of the FBI.

I yield back the balance of my time and recognize counsel, Mr. Field.

Mr. Field. Thank you, Mr. Chairman.

I would like to probe this figure that we talk of, the total budget figure.

This morning you told us, and by telling us you have told the American people, that they are spending \$82 million a year for intelligence. That is all intelligence costs, now.

I would maintain that is not entirely accurate.

Let me go through a few things.

What about background check? A full field investigation was done on me. That cost a considerable amount of money.

Do you consider that intelligence? Is that in the secret \$82 million budget?

Mr. Walsh. No, it is not, Mr. Field.

Mr. Field. If that is not intelligence, then the purpose of that background check is now over. Am I to presume you have destroyed those files?

Mr. Walsh. No, sir.

Mr. Field. You are keeping them?

Mr. Walsh. Yes, sir.

Mr. Field. That is information?

Mr. Walsh. Yes, sir.

Mr. Field. That is intelligence?

Mr. Walsh. No, sir.

Mr. Field. It is not intelligence.

Mr. Walsh. It depends on your definition, sir.

Mr. Field. Why are you keeping it if it is not intelligence?

Mr. Walsh. We follow the regulations of the Archivist of the United States. That is an official document --

Mr. Field. Does the Archivist define intelligence for the FBI?

Mr. Walsh. No, sir.

Mr. Field. I would appreciate it if you would either include the cost of the intelligence you have about me in your budget or else get rid of it because I think it is not fair to treat it as though it is not intelligence, as far as your budget is concerned, but to keep it as intelligence for practical purposes.

Was my background check given to anybody else, such as the Department of Defense, or the CIA?

Mr. Walsh. I am not acquainted with details of your background check, Mr. Field, ✕

Mr. Field. Could it have been?

Mr. Walsh. It could have been under certain circumstances.

Mr. Field. So in fact it is intelligence. It is used by people to find out about me.

Mr. Walsh. I cannot agree with that definition.

Mr. Field. I appreciate that, for the record. I think we have a pretty good understanding of common sense and it sounds to me like intelligence.

What about the cost of computers? The National Crime Information Center is fairly expensive. Is that considered a cost of intelligence?

Mr. Walsh. No, sir.

Mr. Field. That is not information that is used as intelligence about people?

Mr. Walsh. No, sir.

Mr. Field. It is not used for that.

I would appreciate knowing what it is used for if it is not used for that purpose.

Mr. Walsh. May I ask, sir, if you are going to address these questions to me in writing?

Mr. Giaimo. He is addressing them right now, if you can respond. If you want additional time to respond in writing you may have that.

Mr. Field. We have a different problem. We are not interested in keeping the budget down. We are not interested in making it look as though there is not very much intelligence being done in this country. Our problem is to tell an oversight committee what to look at. When they start assessing how much this is costing the taxpayer, start including things.

How about the cost in fingerprint files in that whole fingerprint division?

Mr. Walsh. We have exact costs on that.

Mr. Field. That is included in the \$82 million?

Mr. Walsh. No.

Mr. Field. It is \$50 million or something like that?

That is not information; that is not intelligence.

Mr. Walsh. No, sir.

Mr. Field. How about the cost of living and allowances

at foreign posts for FBI people?

Mr. Walsh. That is not intelligence.

Mr. Field. And they are not over there on intelligence, they are just in foreign countries carrying out domestic --

Mr. Walsh. A liaison assignment but I have conceded there can be some intelligence developed --

Mr. Field. It sounds like that is all they are over there for and that is a way of shifting the real cost of intelligence out of that budget.

How about the National Bomb Data Center?

Mr. Walsh. Yes, sir.

Mr. Field. That is intelligence?

Mr. Walsh. It may be in the dictionary's definition, sir, but it is not in ours.

Mr. Field. Investigations. We never really did find out what they were beyond a certain small percentage.

Investigations. The word is there. It is not intelligence?

Mr. Walsh. Not in the sense we are trying to break out these costs, Mr. Field. ✕

Mr. Field. I appreciate that for the record and it is an interesting answer.

If we were to add in all these things but start adding in the Drug Enforcement Administration, the internal security activities of the Justice Department, isn't it a fair statement that the American taxpayer is paying closer to half a billion

dollars for intelligence in the Justice Department, a lot closer to that, than he is the \$82 million? Wouldn't that be a fair statement?

Mr. Walsh. I can't agree with that, sir.

Mr. Field. I yield back the balance of my time.

Mr. Milford. Do you consider the local police identification names and the personnel files of this Congress as being intelligence?

Mr. Giaimo. We are not going to get into an open colloquy now between members of the committee and counsel. I believe the point counsel makes is that the \$82 million which the FBI claims as its budget for intelligence does not take into account other portions of their total budget which also are used in the intelligence gathering field and when taken in total, total a great deal more than the \$82 million.

In other words, it is within the effort of certain agencies, and I believe Justice is one of them, to try to keep their intelligence budget figure low, as a more appealing figure to Congress. Therefore it doesn't take in some of these other aspects which in a stricter definition -- and of course Mr. Walsh is correct when he says it depends on the definition, but from a broader scope, these other efforts, while not included in the \$82 million, are necessary in order to carry on an intelligence function and can well

be considered by us as meaning that intelligence functions are more than \$82 million.

At this time we will complete the hearing with the gentlemen present here, Mr. Pommerening, Mr. Walsh, and Mr. Hochler, and the committee will stand in recess until 2 o'clock this afternoon, at which time we will have with us the Commissioner of the Internal Revenue Service, Mr. Donald Alexander.

(Whereupon, at 12:15 p.m., the committee was recessed, to reconvene at 2 p.m., this same day.)