

File #:

62-HQ-116464

Serial Scope:

280-290

- 2 - Mr. J. A. Mintz
 (1 - J. B. Hotis)
 1 - Mr. W. R. Wannall
 1 - Mr. W. O. Cregar

January 14, 1976

The Attorney General

Director, FBI

U. S. HOUSE SELECT COMMITTEE
 ON INTELLIGENCE ACTIVITIES (HSC)

- 1 - Mr. J. G. Deegan
 1 - Mr. A. J. Duffin
 1 - Mr. V. R. Thornton
 1 - Mr. R. D. Shea

Reference is made to HSC letter dated December 1, 1975, which requests access to any and all files, memorandums or other files regarding the following: (1) Jesse Benjamin Stoner, Chairman; National States Rights Party (NSRP); (2) "The Thunderbolt" and the subscriber list thereto. This is the NSRP publication; (3) The NSRP; (4) Carl W. Ridout - member of NSRP; (5) John Mercer Johns - member of NSRP; (6) Vernon Higgins (Detroit, Michigan).

Enclosed for your approval and forwarding to the HSC is the original of a memorandum responding to the above request.

A copy of this memorandum is being furnished for your records.

Enclosures (2)

62-116464

1 - Deputy Attorney General
 Attention: Michael E. Shaheen, Jr.
 Special Counsel for
 Intelligence Coordination

Assoc. Dir. _____
 Dep. AD Adm. _____
 Dep. AD Inv. _____
 Asst. Dir.:
 Admin. _____ 1 - 105-66233
 Comp. Syst. _____ 1 - 157-97
 Ext. Affairs _____ 1 - 157-1228
 Files & Com. _____ 1 - 157-3151
 Gen. Inv. _____ 1 - 170-6412
 Ident. _____
 Inspection _____
 Intell. _____
 Laboratory _____
 Plan. & Eval. _____
 Spec. Inv. _____
 Training _____
 Legal Coun. _____
 Telephone Rm. _____
 Director Sec'y _____

RDS:klm
 (17)

SEE NOTE PAGE 2

UNRECORDED COPY ALREADY FILED IN 105-66233-157-97

FEB 6 1976

The Attorney General

NOTE:

In regard to HSC's request set forth in their letter 12/1/75, FBIHQ files disclose that we have approximately 96 volumes pertaining to the National States Rights Party (NSRP). These volumes consist of numerous internal memoranda, reports, letterhead memoranda, as well as numerous miscellaneous correspondence pertaining to "The Thunderbolt" which is the publication for the NSRP. Also, there are approximately six volumes pertaining to Jesse Benjamin Stoner, which contain numerous reports, letterhead memoranda and internal memoranda as well as other miscellaneous pieces of correspondence. We have one volume pertaining to Carl W. Ridout, one volume on John Mercer Johns, and one volume on Vernon Higgins, which is a 170 classification (extremist informant), Office of Origin Detroit, and is in a closed status. He was approved as a potential extremist informant on 7/23/73, and elevated to a full extremist informant on 3/27/74. He furnished information on the United Klans of America. He was discontinued on 6/20/74 for the reason that on 6/19, 20/74, upon confrontation by Nation Caucus of Labor Committees (NCLC) personnel, Detroit, admitted to them serving as a Bureau informant which thereafter resulted in his public exposure through NCLC media. This exposure terminated any further capability of Higgins functioning as a Bureau informant. NCLC is currently under investigation by the Bureau as it is a revolutionary socialist organization which aims to over-throw the U. S. Government by force and replace it with a communist form of government. In view of the immensity of this material, the conference between SA Duffin and Staff Member Oliphant was necessary in order to place this particular request into its proper perspective. The following personnel of IS-1 Section will brief Staff Member Oliphant: Section Chief Joseph G. Deegan and Supervisor Vernon R. Thornton.

62-116464

2 - Mr. J. A. Mintz
(1 - J. B. Hotis)
1 - Mr. W. R. Wannall
1 - Mr. W. O. Cregar
1 - Mr. J. G. Deegan
1 - Mr. A. J. Duffin

January 14, 1976

1 - Mr. V. R. Thornton
1 - Mr. R. D. Shea

U. S. HOUSE SELECT COMMITTEE
ON INTELLIGENCE ACTIVITIES (HSC)

Reference is made to HSC letter dated December 1, 1975, which requests access to any and all files, memorandum, or other materials concerning the following: (1) Jesse Benjamin Stoner, Chairman; National States Rights Party (NSRP); (2) "The Thunderbolt" and the subscriber list thereto. This is the NSRP publication; (3) The NSRP; (4) Carl W. Ridout - member of NSRP; (5) John Mercer Johns - member of NSRP; (6) Vernon Higgins (Detroit, Michigan).

On January 8, 1976, a conference between Special Agent Andrew J. Duffin of the FBI and HSC Staff Member Timothy Oliphant was held regarding the material mentioned above. As a result of this conference, it was agreed that an oral briefing would satisfy this request. This is to advise that FBI Headquarters representatives familiar with this material are prepared to provide same at the HSC's convenience.

1 - The Attorney General

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____ 1 - 105-66233
Asst. Dir.:
Admin. _____ 1 - 157-97
Comp. Syst. _____ 1 - 157-1228
Ext. Affairs _____ 1 - 157-3151
Files & Com. _____ 1 - 170-6412
Gen. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____ RDS:klm
Plan. & Eval. _____ (16)
Spec. Inv. _____
Training _____
Legal Coun. _____
Telephone Rm. _____
Director Sec'y _____ MAIL ROOM ☐ TELETYPE UNIT ☐

ORIGINAL AND ONE TO AG

62-116464-290

OWEN G. KE, N. Y., CHAIRMAN

ROBERT N. GIAMMO, CONN.
JAMES V. STANTON, OHIO
RONALD V. DELLUMS, CALIF.
MORGAN F. MURPHY, ILL.
LES ASPIN, WIS.
DALE MILFORD, TEX.
PHILIP H. HAYES, IND.
WILLIAM LEHMAN, FLA.

ROBERT MC GLOTHY, ILL.
DAVID C. FREEMAN, LA.
JAMES P. JOHNSON, COLO.
ROBERT W. KASTEN, JR., WIS.

A. SEARLE FIELD, STAFF DIRECTOR
AARON B. DONNER, COUNSEL

TELEPHONE: (202) 225-9751

Select Committee on Intelligence
U.S. House of Representatives
Washington, D.C. 20515

December 1, 1975

Mr. Michael Shaheen, Jr.
Spec. Counsel for Intel. Coordin.
Department of Justice
Washington, D.C.

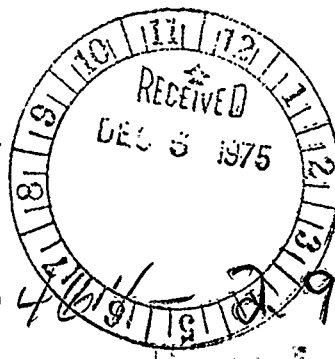
Dear Mr. Shaheen:

The House Select Committee hereby requests access to
any and all files, memorandum or other materials re:

- 1) Jesse Benjamin (J.B.) Stoner (DOB) April
13, 1924, Chairman; National States Rights
Party.
- 2) The Thunderbolt and the subscriber list
thereto (publication of the National States
Rights Party)
- 3) The National States Rights Party
- 4) Carl W. Ridout of Birmingham, Alabama
member -- National States Rights Party
- 5) John Mercer Johns of Jacksonville, Florida -
member - National States Rights Party
- 6) Vernon Higgins (Detroit, Michigan)

Sincerely,

A. Searle Field
A. Searle Field
Staff Director



236380-4-1
DEPARTMENT OF JUSTICE
DEC 4 1975
R.A.D.

OFFICE OF LEGISLATIVE AFFAIRS

DEPUTY ATTORNEY GENERAL

5-140 (Rev. 1-21-74) FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535

Addressee: HOUSE SELECT COMMITTEE

☐ LTR ☒ LHM ☐ Memo ☐ Report dated 1/14/76

Caption of Document: U.S. HOUSE SELECT COMMITTEE.

12/1/75 request

National States Rights Party

Originating Office: FBI

Delivered by: D. J. O'Callaghan Date: 1/21/76

Received by: F. Brown Jacqueline Thiss

Title: _____

Return this receipt to the Intelligence Division, FBI

62-116464-290

CLASSIFY AS APPROPRIATE

NOTE: SEE INSTRUCTIONS ON REVERSE
BEFORE COMPLETING.TO: Intelligence Community Staff
ATTN: Central Index

FROM:

FBI

SUBJECT: Abstract of Information Provided to Select Committees

1. HOW PROVIDED (check appropriate term. If a document was made available
for review but not transmitted, so note.)

2. DATE PROVIDED

☒ DOCUMENT ☐ BRIEFING ☐ INTERVIEW ☐ TESTIMONY ☐ OTHER

1/14/76

3. TO WHOM PROVIDED (check appropriate term; add specific names if appropriate)

SSC

☒ HSC4. IDENTIFICATION (provide descriptive data for documents; give name or identification number of briefer,
interviewee, testifier and subject)**Memorandum**5. IN RESPONSE TO (list date and item number if in response to formal request, other-
wise state verbal request of (name), initiative, subpoena, etc.)

HSC letter 12/1/75

6. CLASSIFICATION OF
INFORMATION (enter
U, C, S, TS or
Codeword)

U

7. KEY WORDS (enter the appropriate key words from the list provided separately; if key words not listed are
used underline for emphasis)**Information handling**

8. SUMMARY (see reverse side before completing this item)

Materials requested but a briefing was afforded to HSC Staff Members regarding Jesse Benjamin Stoner, chairman; National States Rights Party; "The Thunderbolt; and the subscriber list thereto; The National States Rights Party; Carl W. Ridout; John Mercer Johns; Vernon Higgins.

62-116464

FMK: fmk

(4)

ORIGINAL VIA LIAISON TO CENTRAL COMMUNITY INDEX
IN CONNECTION WITH HOUSTUDY**TREAT AS YELLOW**

5-72

3791 (6-75)

CLASSIFY AS APPROPRIATE

INSTRUCTIONS

- Type or print clearly in ink.
- Indicate classification of the abstract top and bottom.
- Date the abstract and put on any internal control numbers required.
- "FROM" entry should clearly identify the organization providing the information.
- If additions (as when a copy of document sent to SSC is later sent to HSC) or changes to a previously submitted form are necessary, submit a copy of the original abstract, with the change indicated.

SPECIFIC ITEM NO. 8. SUMMARY - enter brief narrative statement describing substance of information and showing relationship to Intelligence Community matters if appropriate. Any feedback or evidence of investigatory interests should be noted. Commitments made to supply additional information should be noted. Additionally, certain administrative information may be entered here, e.g., restrictions on review of a document, if document was paraphrased, whether interviewee is current or former employee, etc. If actual document or transcript is provided, that fact should be noted and no summary is required. Additional pages may be attached if necessary.

2 - Mr. J. Mintz
(1 - Mr. J. B. Hotis)
1 - Mr. W. R. Wannall
1 - Mr. W. O. Crogar
1 - Mr. H. W. Porter

The Attorney General

January 13, 1976

Director, FBI

U. S. SENATE SELECT COMMITTEE ON INTELLIGENCE
ACTIVITIES (SSC)

U. S. HOUSE SELECT COMMITTEE ON INTELLIGENCE
ACTIVITIES (HSC)

Reference is made to our memorandum of September 23, 1975, to the SSC, which responded to an SSC request of September 22, 1975, for information about domestic targets of surreptitious entries conducted by the FBI; and our memorandum of November 5, 1975, to the HSC, which responded to an HSC request for information about break-ins and other trespasses conducted by the FBI between 1970 and 1975.

Enclosed for your approval and forwarding to the respective Committees are the originals of two memoranda which contain data furnished previously to the SSC and HSC.

A copy of each memorandum is enclosed for your records.

Enclosures (2)

62-116396

62-116464 (House Select Committee)

1 - The Deputy Attorney General

Attention: Michael E. Shaheen, Jr. 170 JAN 25 1976
Special Counsel for
Intelligence Coordination

HWP:en
(10)

ENCLOSURE

SEE NOTE PAGE 2

70 JAN 26 1976

The Attorney General

NOTE:

Our memoranda of 9/23/75, and 11/5/75, to the SSC and HSC, respectively, furnished data concerning surreptitious entries against domestic targets, break-ins, and other trespasses. Since preparation of these memoranda, we have discovered entries which amend data given to the SSC and HSC. These memoranda serve to revise those furnished previously.

Memorandum to the SSC concerns an October, 1963, entry into the New York City offices of the Fair Play for Cuba Committee. Memorandum to the HSC concerns entries conducted in the SMOOD matter. Our response to the SSC and HSC differ since previous submissions to those committees responded to different questions.

2 - Mr. J. [redacted] Mintz
(1 - [redacted] J. B. Hotis)
1 - Mr. W. R. Warfnall
1 - Mr. W. O. Cregar
1 - Mr. H. W. Porter

62-116464

January 13, 1976

U. S. HOUSE SELECT COMMITTEE ON
INTELLIGENCE ACTIVITIES (HSC)

RE: HSC REQUEST DATED OCTOBER 15, 1975,
CONCERNING WARRANTLESS ELECTRONIC
SURVEILLANCES AND SURREPTITIOUS
ENTRIES

Reference is made to the HSC letter of October 15, 1975, to the Department of Justice which requested, under Items 3 and 4, a list of all break-ins conducted by the FBI between 1970 and 1975, and a list of all other trespasses conducted by the FBI between 1970 and 1975, respectively.

Under Number 4 of our memorandum of November 5, 1975, with attachment, we combined response to the October 15, 1975, requests under Items 3 and 4.

Since preparation of our memorandum of November 5, we have learned of one target of surreptitious entry, in 1970 and 1971, not included in the November 5, Item 4, response. Accordingly, the Item 4 response should be amended to show in the category "Foreign Intelligence Agents" one target of surreptitious entry in 1970 and 1971.

1 - The Attorney General

HWP:en

(8)

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir.:
Admin. _____
Comp. Syst. _____
Ext. Affairs _____
Files & Com. _____
Gen. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____
Plan. & Eval. _____
Spec. Inv. _____
Training _____
Legal Coun. _____
Telephone Rm. _____
Director Sec'y _____

This document is prepared in response to your request and is not for dissemination outside your Committee. It is not to be used in official proceedings by your Committee and the content may not be released to unauthorized personnel without the express approval of the FBI.

MAIL ROOM ☐

TELETYPE UNIT ☐

5-140 (Rev. 1-21-74) FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D. C. 20535

House Select Committee

Addressee: _____

☐ LTR ☒ LHM ☐ Memo ☐ Report dated 1/13/76

Caption of Document: HSC request dated 10/15/75 conc
warrantless electronic surveillances and
surreptitious entries. Items 3 & 4.

Originating Office: FBI

Delivered by: D. O. Green

Date: 1/21/76

Received by: Jacqueline Hess

Title: _____

Return this receipt to the Intelligence Division, FBI

TO: Intelligence Community Staff
ATTN: Central Index

FROM:
FBI

SUBJECT: Abstract of Information Provided to Select Committees

1. HOW PROVIDED (check appropriate term. If a document was made available for review but not transmitted, so note.)

2. DATE PROVIDED

1/13/76

☒ DOCUMENT ☐ BRIEFING ☐ INTERVIEW ☐ TESTIMONY ☐ OTHER

3. TO WHOM PROVIDED (check appropriate term; add specific names if appropriate)

☒ SSC
☒ HSC

4. IDENTIFICATION (provide descriptive data for documents; give name or identification number of briefer, interviewee, testifier and subject)

Memorandum

5. IN RESPONSE TO (list date and item number if in response to formal request, otherwise state verbal request of (name), initiative, subpoena, etc.)

SSC request 9/22/76

6. CLASSIFICATION OF INFORMATION (enter U, C, S, TS or Codeword)

U

7. KEY WORDS (enter the appropriate key words from the list provided separately; if key words not listed are used underline for emphasis)

**Intelligence Collection
Operating Procedures**

8. SUMMARY (see reverse side before completing this item)

Furnished information regarding one additional domestic subversive target of a surreptitious entry, amending figures furnished by FBI memorandum 9/23/75.

**62-116395
62-116464**

**AJD:lhb
(5)**

**ORIGINAL VIA LIAISON TO CENTRAL COMMUNITY INDEX
IN CONNECTION WITH SENSTUDY 75 AND HOUSTUDY 75.**

INSTRUCTIONS

- Type or print clearly in ink.
- Indicate classification of the abstract top and bottom.
- Date the abstract and put on any internal control numbers required.
- "FROM" entry should clearly identify the organization providing the information.
- If additions (as when a copy of document sent to SSC is later sent to HSC) or changes to a previously submitted form are necessary, submit a copy of the original abstract, with the change indicated.

SPECIFIC ITEM NO. 8. SUMMARY - enter brief narrative statement describing substance of information and showing relationship to Intelligence Community matters if appropriate. Any feedback or evidence of investigatory interests should be noted. Commitments made to supply additional information should be noted. Additionally, certain administrative information may be entered here, e.g., restrictions on review of a document, if document was paraphrased, whether interviewee is current or former employee, etc. If actual document or transcript is provided, that fact should be noted and no summary is required. Additional pages may be attached if necessary.

- 1 - Mr. J. B. Adams
2 - Mr. J. A. Mintz
(1 - Mr. J. B. Hotis)
1 - Mr. H. N. Bassett

The Attorney General

January 28, 1976

Director, FBI

U. S. HOUSE SELECT COMMITTEE
ON INTELLIGENCE ACTIVITIES (HSC)

- 1 - Mr. W. R. Wannall
1 - Mr. R. L. Shackelford
1 - Mr. F. J. Cassidy
1 - Mr. W. O. Cregar
1 - Mr. T. J. McNiff

In response to the January 26, 1976, request of Mr. Rex Lee, Assistant Attorney General, Civil Division, this Bureau, with your approval, furnished Captain John Mathney, National Security Council Staff, Situation Room, White House, by letter that same date, synopsized write-ups concerning those matters appearing in the HSC's Draft Final Report which, upon initial review by this Bureau, were found to be gross misstatements of fact or false conclusions. A copy of the letter and each of the write-ups is being furnished to you as enclosures to this letter for your records.

Also enclosed for your approval and forwarding to Captain John Mathney, supra, is a letter containing additional write-ups setting forth this Bureau's position with regard to certain investigations, programs and administrative procedures which, it is believed, were inaccurately described in the above HSC Draft Final Report.

A copy of the above letter, along with its enclosures, is being furnished for your records.

Enclosures (19)

62-116464

ENCLOSURE

1 - The Deputy Attorney General
Attention: Michael E. Shaheen, Jr.
Special Counsel for
Intelligence Coordination

- Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir.:
Admin. _____
Comp. Syst. _____
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Laboratory _____
Plan. & Eval. _____
Spec. Inv. _____
Training _____
Legal Coun. _____
Telephone Rm. _____

TJM: lhb/jmn
(13)

SEE NOTE PAGE 2

MAIL ROOM ☐ TELETYPE UNIT ☐

Delivered by TSM to Shaheen by mail 1/28/76

K TJM
WOC 1/28

Handwritten signatures and initials:
JMN, HNS, JEF, PCH, JMN

The Attorney General

NOTE:

On 1/26/76, Assistant Attorney General Rex Lee requested that this Bureau furnish Captain Mathney with "nut shell" rebuttals of "meaty" inaccuracies and conclusions appearing in the HSC Draft Final Report. Personnel in the Intelligence, Inspection, and General Investigative Divisions prepared material in compliance with the above request. Administrative Division declined input as it was not believed inaccuracies pertaining to functions of that Division were of "meaty" quality warranting rebuttal. Material, after approval by the Attorney General, was delivered to the White House the evening of 1/26/76.

When reviewing the above material for approval, Mr. Adams, Deputy Associate Director, noted that the above rebuttal material concerned itself only with specific sentences or paragraphs extracted from the HSC report. Mr. Adams noted that the entire tenor of the report indicated that the HSC has "missed the boat" concerning FBI functions and operations, and he instructed that material be prepared in a succinct but elucidative form pointing out HSC misconceptions promulgated in the report as it relates to specific areas of this Bureau's operations.

1 - Mr. J. B. Adams
 2 - Mr. J. A. Mintz
 (1 - Mr. J. B. Hotis)
 1 - Mr. H. N. Bassett
 1 - Mr. W. R. Wannall
 1 - Mr. R. L. Shackelford
 1 - Mr. F. J. Cassidy
 1 - Mr. W. O. Cregar
 1 - Mr. T. J. McNiff

62-116464

Date: January 20, 1976

To: Captain John Mathney
 National Security Council Staff
 Situation Room
 White House

From: Clarence M. Kelley, Director

Subject: U. S. HOUSE SELECT COMMITTEE
 ON INTELLIGENCE ACTIVITIES (HSC)

Reference is made to my letter to you dated January 26, 1976, captioned as above, which letter forwarded to you synopsized write-ups concerning those matters in the HSC Draft Final Report which matters this Bureau believes to be gross misstatements of fact or false conclusions.

Attached for your information, and in further-
 ance of the purpose of referenced letter, are four write-
 ups setting forth this Bureau's position with regard to
 certain investigations, programs, and administrative
 procedures which this Bureau believes were inaccurately
 described in the above-mentioned HSC Draft Final Report.

Enclosures (4)

1 - The Attorney General

TJM:lhb/jmn
 (13) jmh

NOTE:

See letter to the Attorney General, same date and
 caption as above. AAG Rex Lee has instructed that material
 rebutting that information appearing in the HSC Draft Final
 Report should be made available to Mr. Mathney as soon as
 possible.

Assoc. Dir. _____
 Dep. AD Adm. _____
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 Legal Coun. _____
 Telephone Rm. _____
 Director Sec. _____

MAIL ROOM ☐

TELETYPE UNIT ☐

HOUSE SELECT COMMITTEE FINAL REPORT

U. S. RECORDING COMPANY

FILED

62 NOV 14 289

HOUSE SELECT COMMITTEE FINAL REPORT

Pages 34-35

This section is entitled "An Attack Averted," and alleges that the FBI intended to launch an attack to discredit the Committee following an interview of a Committee witness, Martin L. Kaiser, in which Kaiser had furnished a signed statement recanting portions of his testimony before the Committee. A Committee press release was made December 31, 1975, as shown in the report to head off any "FBI leak."

The facts are that there was no "attack" made or contemplated and the "leak" of the interview of Kaiser was made by the Committee on December 31, 1975, as shown in the report.

Kaiser was interviewed by FBI Agents on December 15, 1975, concerning purchases from U. S. Recording Company, and during the interview Kaiser stated that he prepared a statement for the House Select Committee prior to his testimony October 9, 1975, and that in this statement, which he prepared, he made no comment about a 30% markup on a sale from U. S. Recording Company to the FBI as he believed a 30% markup was reasonable. When he arrived to testify, he was handed a new statement which had been changed from the one he prepared himself. Kaiser furnished copies of the two statements which were reviewed at a later date and substantial differences were observed.

Kaiser was reinterviewed December 23, 1975, to clarify these differences and to determine whether the second statement contained his own views. Kaiser furnished a written statement recanting certain portions of his testimony. This information, as well as affidavits furnished by the interviewing Agents denying that any pressure was used to obtain Kaiser's statement, has been furnished to the Attorney General.

Kaiser commented during this interview that when he read the new statement handed to him by a Committee investigator, it was "terrible day," and he confirmed this in his deposition to the Committee that he had made such a statement when interviewed on December 23, 1975.

HNB

HOUSE SELECT COMMITTEE FINAL REPORT

Page 83

The report alleges that a middleman who is a close friend of top FBI officials tacked onto covert purchases unwarranted markups amounting to thousands, if not millions, of dollars.

The statement is not factual as there is no evidence in the report to support the claim of "unwarranted markups" and there are no unwarranted markups known on any FBI purchases. The statement that the markups amounted to "thousands, if not millions" is evidence of the fact that there is no support for the statement. If the Committee has such evidence it should be so stated in a factual manner in the report.

Handwritten signature

HOUSE SELECT COMMITTEE FINAL REPORT

Pages 131 and 133

The report charges "There was virtually no control exercised over the confidential contracts between U. S. Recording to the FBI" (page 131), and that the "FBI's use of U. S. Recording represents a grossly inefficient expenditure for intelligence equipment" (page 133).

The report contains no facts to back up these statements.

The facts are that the FBI began making purchases of certain sensitive technical equipment under confidential arrangements with this company many years ago to preclude hostile foreign intelligence services from learning the type of equipment which the FBI uses. This procedure is provided for in the Federal Property and Administrative Services Act of 1949, Section 302, (c) (12), which permits an exception to advertising for purchases and contracts when "the agency head determines that the character, ingredients or components thereof are such that the purchase or contract should not be publicly disclosed." Purchases by the FBI from U. S. Recording on a confidential basis were therefore clearly within the law. In regard to the statement that this was inefficient, the Bureau began using this company on a confidential basis only after many years of experience with this company, during which time good service was furnished and it was generally believed that there was no other company in the Washington, D. C., area that would have given the FBI better service.

In addition, U. S. Recording Company was a distributor for many manufacturers in the sound recording business and as such had the lowest price for items from these manufacturers. When an item was on the General Services Administration (GSA) schedule of items to be purchased at a standard Federal price, U. S. Recording charged the FBI the same price as was on the GSA schedule. Only when U. S. Recording had to purchase an item from a company for which it was not a distributor would the price be higher than it would have been if the item was purchased directly. In these instances the FBI received various services from U. S. Recording such as delivery, technical advice, adjustment and service warranty, or adjustment for defective equipment, as well as confidentiality concerning the purchase. By using a local, reliable company the FBI also obtained economies in time and manpower, and these factors can be critical and vital to an investigative operation.

HWB

While the markup on any item is generally not known under any normal purchasing procedure, the price paid by the FBI was reviewed by both the Procurement Section of the FBI and the Laboratory Division, which is fully knowledgeable of equipment and prices, so that a system existed to insure that full value was received for expenditures made.

HOUSE SELECT COMMITTEE FINAL REPORT

Re: Counterintelligence Programs (Cointelpros)

After months of investigation, briefings by FBI officials, and access to official documentation, the Committee staff has produced seven sentences of sweeping condemnation of the discontinued Counterintelligence Programs (Cointelpros). This cursory review, and its accompanying footnotes, are replete with technical and factual errors. The program objectives themselves are erroneously identified in the report as "identifying, penetrating, and neutralizing subversive elements" in disregard of two years of official public characterization of the effort to expose, disrupt, and neutralize a variety of domestic and foreign subversive, extremist, revolutionary and violence-prone elements. Cointelpro is described as consisting of "myriad clandestine dirty tricks," ignoring the thorough review of the Department of Justice which concluded "the overwhelming bulk of these activities were clearly legitimate and proper undertakings within the scope of the FBI's ongoing responsibilities..." The report gratuitously accused the FBI of "racism, bias and strong conservative ideology." While describing all Cointelpros as an "aberration," the Committee fails to identify several, jumbles the titles of others, and bases its accusation on five examples extracted from only two programs and over 3,000 proposals. The House Select Committee report is unique, as it relates to FBI Cointelpros, in its disregard of accuracy, informative information and objectivity.

DR:lfj
(10)

62-11646-2829
ENCLOSURE

HOUSE SELECT COMMITTEE (HSC) FINAL REPORT

SOCIALIST WORKERS PARTY

The section of the HSC report dealing with the Socialist Workers Party (SWP) cites the FBI's investigation of the SWP as an example of a continuing unproductive investigation. It attempts to portray the SWP as a legitimate American political party that even runs a candidate for president. This report fails to point out that the FBI does not investigate all socialists but only those who are communists. The distinguishing characteristic of the SWP from other socialist groups not investigated by the FBI is that the SWP is a Trotskyist-communist organization which originated as a splinter group from the Communist Party. The Committee has not taken into account the number of written documents on the SWP which have been furnished by the FBI.

The following are statements furnished by the FBI to the HSC which appeared in "The Militant," official SWP newspaper, on November 7, 1975:

"The Marxist model for constructing a revolutionary program on the imperialist epoch is the founding document of the Fourth International, the world party of socialist revolution, founded by Leon Trotsky in 1938."

"The Socialist Workers Party is internationalist to its core. Not only are world developments shaping the coming struggles at home, but the American workers' enemies are the exploiters on a world scale. The perspective of the Communist Manifesto--'Workers of the world, unite'--remains our fundamental goal. While reactionary legislation precludes formal affiliation to the Fourth International, the Socialist Workers Party, since its founding, has been an integral political component of the world party of socialist revolution."

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Dep. AD Inv. _____
Asst. Dir.:
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Comp. Syst. _____
Ext. Affairs _____
Files & Com. _____
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HOUSE SELECT COMMITTEE FINAL REPORT

INSTITUTE FOR POLICY STUDIES (IPS)

Pages 207 through 213 of the House Select Committee (HSC) final report concludes that the FBI's basis for investigation of IPS was weak, was carried on over an unreasonable length of time and resulted in no evidence of possible law-breaking or questionable associations on the part of IPS. The following facts are set forth to rebut the conclusions of the HSC report and to clarify this Bureau's position in our overall investigation of IPS.

Although the IPS came into existence in 1963, it was not until June, 1968, that an active investigation of the organization was initiated as a result of a meeting at New York City (NYC) between a national leader of Students for a Democratic Society (SDS) and a staff member of IPS. Certain leaders of IPS were of investigative interest to this Bureau for years prior to 1968, as a result of their contacts in the United States with certain foreign governments. The meeting at NYC was not the first connection between IPS and SDS. In 1967, the "Washington Free Press," an underground newspaper, reported that the IPS facilities served as a meeting place for SDS activists. Another Washington publication, "The Examiner," in 1967, identified IPS as a Washington-based "Think Factory" which helped train extremists who incite violence in American cities, and through its conferences and seminars, exerted a continuing influence on the tactics and ideology of the New Left. In 1968 and the years to follow, SDS played a major role in fomenting disruptions and violence on campuses and in cities across the country. The SDS leader referred to above, is but one of three SDS leaders who had connections with IPS and who were believed to have received support from IPS. All three are current functionaries in the Weather Underground Organization. Two of these leaders are Federal fugitives.

In October, 1969, five days after disruptions and demonstrations in the streets of Washington, Senator Strom Thurmond, remarked on the floor of the Senate, "on past occasions, I have called attention to this group (IPS) whose avowed purpose is to study ways of promoting and developing the concept of revolution." The Bureau's investigation of IPS was broadened in 1969 and 1970 to determine if IPS was in violation of the amendment to the Civil Rights Act of 1968 which became known as the Anti-Riot Law. In October, 1971,

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LEB:bmf / (10)

42-16461-289

it was reported that IPS was circulating a document around the country calling for brigades to descend on Washington, D. C., and close down Government agencies. It should be noted, that in May, 1972, thousands of demonstrators converged on Washington, D. C., for the purpose of bringing Government business to a halt. This action resulted in hundreds of arrests, numerous injuries and thousands of dollars in property damage. In August, 1971, the Assistant Attorney General requested additional investigation of IPS, pointing out a possible connection between IPS and the unauthorized disclosure of the "Pentagon Papers," a possible violation of the Espionage statute. Subsequent to this phase of the investigation, the Bureau's interest in IPS continued in order to determine if its numerous activities, both nationally and internationally, were in violation of Federal law. In April, 1973, FBI Headquarters directed the Washington Field Office to make every effort to separate the legitimate activities of IPS from those activities which were questionable and in possible violation of Federal statutes. In February, 1974, the investigation of IPS was brought to a logical conclusion after a determination was made that insufficient evidence had been obtained which would enable prosecution of IPS for any violation of Federal statutes.

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. J. B. Adams

DATE: 1/7/76

FROM : Legal Counsel *[Signature]*

SUBJECT: HOUSE SELECT COMMITTEE ON
INTELLIGENCE ACTIVITIES

INTERVIEW OF JOSEPH LEO GORMLEY

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At 10:43 a.m. on January 7, 1976, Joseph Gormley telephonically advised me that he had been interviewed by Richard Vermeire of the House Select Committee on January 5, 1976, and asked questions concerning any knowledge he might have regarding the FBI - U.S. Recording Company relationship. Gormley said that he had advised Vermeire that he had no personal dealings with U.S. Recording Company and he had no knowledge as to any FBI - U.S. Recording Company relationship. He was asked specifically about John P. Mohr, and Gormley responded by advising Vermeire that he knew nothing about Mohr's relationship, if any, with the U.S. Recording Company or its personnel. Mr. Gormley stated that he was interviewed for approximately 45 minutes.

RECOMMENDATION:

That the substance of the information furnished by Mr. Gormley be furnished to the Department.

- 1 - Personnel file Joseph Leo Gormley
- 1 - Mr. Wannall
- 1 - Mr. Cregar
- 1 - Mr. Hotis
- 1 - Mr. Daly
- 1 - Mr. Mintz

JAM:mfd
(8)

62-116464-288

ST. 115

REC-43

62-116375-1266

JAN 13 1976



UNITED STATES GOVERNMENT

Memorandum

TO : Mr. W. R. Wannall *Wannall*

DATE: 1/23/76

FROM : F. J. Cassidy *FJC*

SUBJECT: HOUSTUDY

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Intell. _____ *Wannall*
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Information contained on page 67 of the House Select Committee (HSC) draft final report concerned procedures set up by the Department and the HSC and were attributed in the report to the FBI.

This matter was brought to the attention of Mr. Michael E. Shaheen, Special Counsel for Intelligence Coordination for the Department, and he advised that his office would submit the necessary corrections to Mr. Mitchell Rogovin, Special Counsel to the Director of Central Intelligence, who was to give the intelligence community's corrections of the draft to the HSC. On 1/21/76 a representative of Mr. Shaheen's office delivered to the Intelligence Division a communication addressed to Mr. Rogovin (copy attached) and asked if we could deliver the communication with our package.

On 1/22/76 the Department's communication was furnished to Mr. Rogovin along with the FBI's suggested revisions.

ACTION:

None. For information.

Enclosure

62-116464

FJC:glw
(4)

- 1 - Mr. W. R. Wannall
- 1 - Mr. W. O. Cregar
- 1 - Mr. F. J. Cassidy

EX 104 Pen

REC-51

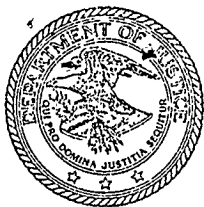
FEB 4 1976

62-116464-287



84 FEB 6 1976

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan



OFFICE OF THE DEPUTY ATTORNEY GENERAL
WASHINGTON, D.C. 20530

JAN 21 1976

TO: Mitchell Rogovin
Special Counsel to the Director
of Central Intelligence

FROM: Michael E. Shaheen, Jr.
Special Counsel for Intelligence
Coordination

SUBJECT: Proposed Corrections in HSC Draft Final Report

Page 67, Paragraph 2 is inaccurate and misleading.
It should read:

The Department of Justice then came forward with a six page set of procedures which it proposed be followed for processing the Committee's requests for documents. These procedures, which were drafted by staff members of the Senate Select Committee, had previously been agreed to by the Department of Justice and the Senate Select Committee. The Department thought that it would be mutually advantageous to treat the House and Senate Intelligence Committees in a similar manner.

In paragraph 3, page 67 "Department of Justice" should be substituted for "FBI".

ENCLOSURE



62-114464-287

62-116464

1 - Mr. J. B. Adams
2 - Mr. J. A. Mintz
(1 - Mr. J. B. Hotis)
1 - Mr. H. N. Bassett
1 - Mr. E. W. Walsh
1 - Mr. R. J. Gallagher
BY LIAISON

1 - Mr. W. R. Wannall
1 - Mr. W. O. Cregar
1 - Mr. F. J. Cassidy

Date: January 26, 1976

To: Captain John Mathney
National Security Council Staff
Situation Room
White House

From: Clarence M. Kelley, Director

Subject: U. S. HOUSE SELECT COMMITTEE
ON INTELLIGENCE ACTIVITIES (HSC)

Attached are synopsized write-ups concerning those matters in the HSC's Draft Final Report which, upon our initial review, we believe to be gross misstatements of facts or false conclusions. These comments represent matters which this Bureau finds patently erroneous when considered with information which the HSC has in its possession. EX 104

REC-51

62-116464-285

FEB 4 1976

These comments are being furnished pursuant to the instruction of Assistant Attorney General, Civil Division, Mr. Rex Lee. We are conducting a further review so that all inaccuracies are available for scrutiny by the appropriate persons.

Approved for transmittal to White House by Michael Stults
7:05 pm. 1-26-76 JMK

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Enclosures (8)

RHR:1hb/ENCLOSURE
(12)

Del. to White House
Situation Room,
Blumen IV. Cressett.
Sen. Dwyer, Office at
7:40 pm 1/26/76 RHR

SEE NOTE PAGE 2

84 FEB 6 1976

MAIL ROOM ☐ TELETYPE UNIT ☐

NW 55318 DocId:32989710 Page 30

GPO 954-546

Captain John Mathney
National Security Council Staff

NOTE:

On 1/26/76, Assistant Attorney General Lee telephonically advised Supervisor R. H. Ross that the Bureau should furnish to Captain Mathney, National Security Council (NSC), White House, those "meaty" arguments which indicate the inaccurate nature of the HSC report. He advised that the arguments would be used by the White House to influence sympathetic supporters in Congress regarding the report. He advised that the arguments should be stated in a "nut shell" and concern those misstatements of fact contained in the report. He advised that the Bureau should not limit itself to only those suggestions which were initially directed to the HSC but include any matter which the Bureau could show as erroneous. He directed that the write-ups be furnished to Captain John Mathney, NSC, White House, by close of business 1/26/76. It was explained to Mr. Lee that the Bureau had not had time to review the entire report for matters other than those which had been initially found in the Draft Final Report reviewed on 1/22/76 and wished to reserve our final comments until a thorough review of the Final Report could be made. He indicated he understood this and that such comments should also be furnished in the same manner.

Personnel in INTD, Administrative, Inspection and General Investigative Divisions who prepared write-ups initially were advised of this situation and, where the HSC made no changes in the Draft Final Report, they were to determine if the error was such to qualify as a "meaty" issue of enough substance to be used to refute the report.

Arrangements have been made for delivery of this letter and enclosures to the White House through the Liaison Section, INTD.

NOTE CONTINUED PAGE 3

Captain John Mathney
National Security Council Staff

NOTE CONTINUED:

By separate letter, a copy of the enclosures
is being furnished to the Attorney General.

House Select Committee Final Report

Page 314

The draft report identifies FBI Cointelpros as a series of covert counterintelligence programs aimed at identifying, penetrating, and neutralizing subversive elements in the United States. This statement is erroneous and incomplete. In fact, the Cointelpros were aimed at disrupting, exposing and neutralizing subversive and also extremist, revolutionary and/or violence-prone elements in the United States. This error in the facts and incompleteness has been called to the attention of the House Select Committee and it would appear the Committee is not particularly concerned regarding the factual character or completeness of its report.

Additionally, the report states "the program itself consisted of myriad clandestine dirty tricks carried out by FBI Agents against persons and organizations considered subversive by the FBI." Again, this statement does not clearly identify the scope of the targets and is editorialized in a manner to indicate the targets were selected haphazardly by the FBI. Actually, targets were selected in the Cointelpros based upon facts developed through investigation. Also the Department of Justice, after a thorough review of the Cointelpros, indicated "the overwhelming bulk of these activities were clearly legitimate and proper undertakings within the scope of the FBI's ongoing responsibilities. . ."

DR:lfj
(8)

ENCLOSURE

285

HOUSE SELECT COMMITTEE FINAL REPORT

Page 129

The report states that the staff of the Committee acquired records of all sales between U. S. Recording Company and the FBI involving the purchase of equipment from a Committee witness, Martin Kaiser, a manufacturer of electronic surveillance equipment, and that a Committee staff accountant did a detailed study and determined that a 30% markup on one invoice seen by Kaiser was representative of all such sales.

The report does not contain any accounting data to support the alleged opinion of the staff accountant. The staff was furnished copies of all FBI purchases of equipment from Martin L. Kaiser, Inc., made through U. S. Recording Company by the FBI and the average markup on these purchases was 14.03%. The Committee has these records which show total purchases of \$101,394.70 between 4/5/69 and 4/7/72. There were three individual purchases totaling \$2,106, which show a markup of 30%. However, any conclusion that the markup on these three invoices is representative of all such sales is clearly not a factual statement.

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HOUSE SELECT COMMITTEE FINAL REPORT

Page 131

The report indicates "Interviews revealed that there was virtually no control exercised over the confidential contracts between U. S. Recording to the FBI. "

This is not a factual statement inasmuch as FBI Laboratory personnel furnished the Administrative Division with estimated prices based on available industry sources, manufacturer's listed prices, and knowledge of the particular area. The Administrative Division relied upon the judgment of Laboratory personnel as to the reasonableness of the estimated price. The procedures utilized in our confidential purchases from U. S. Recording were fully explained to Committee investigators during their interviews with officials of the Laboratory and Administrative Divisions.

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ENCLOSURE

62-116464-285

HOUSE SELECT COMMITTEE FINAL REPORT

Page 133

The report indicates "Similarly, the fact that persons within the FBI responsible for requisitioning and purchasing the equipment had no clear knowledge of the chain of authority regarding the arrangement is, at best, non-feasance."

The highest officials in the FBI Divisions responsible for requisitioning and purchasing the equipment had a clear knowledge of the chain of authority regarding the arrangement. Not everyone responsible for requisitioning and purchasing was aware of the arrangement, but it is unfair to even imply that this constituted nonfeasance.

gma *infed*
H. W. Jones *gma*

12-11641-285

HOUSE SELECT COMMITTEE FINAL REPORT

Page 212, line 1 through 17.

"The trash revealed no information related to criminal investigation. However, a used typewriter ribbon was found. Even though there were no signs of crimes, and despite the fact that IPS itself was not suspected of crimes, FBI devoted time and money to the expensive process of reconstructing the document that had been typed by the ribbon. The yield was almost entirely intimate sexual gossip. FBI officials told Committee staff, under oath, that personal information, such as sexual activities, is discarded if it does not bear on a crime. That was not true. Information from the trash retrieval, including the sexual gossip, was incorporated into a number of reports. In each report, the information was attributed to 'a source who has supplied reliable information in the past.'"

An FBI official testified on November 5, 1975, that since the restructuring of the Bureau in August, 1973, there would be no question that irrelevant sexual activity would not be recorded and reported, however, prior to that time, it is possible that information of that type might have been recorded in Bureau files.

The trash retrieval referred to in this report took place on August 29, 1972, and information, including the sexual relationship of two individuals, was incorporated into a report which was not disseminated by the FBI.

The material relating to sexual activities in the incident described above was reported prior to the change in Bureau policy.

The allegation in the Committee report that FBI officials testified untruthfully concerning the recording of intimate sexual activity is unfounded.

Handwritten signatures and initials:
JMA
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House Select Committee Final Report

Footnote Number 525 on page 314 of the report identifies three Counterintelligence Programs (Cointelpros), the identities of which have been classified "Secret" by the Attorney General of the United States because they relate to sensitive areas of foreign relations. Publication of the identities of these programs could result in further revelations which could seriously damage current and future U. S. diplomatic relations, as well as efforts at detente. These three programs have not been publicly identified and when their existence was announced by Attorney General Edward H. Levi on 5/28/75 they were referred to as "three foreign intelligence programs classified 'Secret.'"

DR:lfj
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ENCLOSURE

HOUSE SELECT COMMITTEE FINAL REPORT

Page 319, lines 1-5, contains the following statement:
"For those who do join SWP, the chill is likely to spread to employers. The Committee heard from one witness who termed FBI's inquiries about his employee, Bruce Bloy, who was an SWP member, as "presumptive, mysterious, and...aggressive."

On 11/18/75, Mr. Robert George Silverman, President of Peer Enterprises, Ltd., Chicago, Illinois, testified that during 1972, two FBI Agents contacted his firm inquiring about Bruce Bloy and one other employee, both of whom were members of the Young Socialist Alliance (YSA), youth group of the Socialist Workers Party (SWP). He stated that as an employer, he had no interest in the political beliefs of his employees and he felt the FBI had no right to inquire at an individual's place of employment. He characterized the approach of the Agents as presumptive, mysterious and aggressive.

Records of the FBI revealed no FBI Agent ever contacted Mr. Silverman regarding any employees active in the YSA, and, that in fact, an investigator for a committee of the U.S. House of Representatives furnished information to the Chicago Office of the FBI on 10/30/72 that he had contacted Mr. Silverman, Peer Enterprises, on that date regarding a YSA member employed by that firm.

Although the above information was furnished to the Committee by letter dated 11/28/75, which refuted testimony of Mr. Silverman and pointed out that inquiries Silverman thought were made by the FBI really were made by an investigator for a committee of the U.S. House of Representatives, nevertheless the House Select Committee neglected to include this correction in its report.

GJL:rsm

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HOUSE SELECT COMMITTEE FINAL REPORT

ROBERT HARDY

The text of this report states on page 321, line 9, "He instigated the burglary and supplied the would-be burglars with tools, money, technical assistance and encouragement."

This statement is incorrect. Robert William Hardy was first contacted on June 24, 1971, by a friend who requested he join the group of individuals who subsequently burglarized the Camden, New Jersey, Selective Service offices. This friend told Hardy on that date the planning had been going on about six to eight weeks, the target site had been photographed and under extended surveillance, and that the "hit" would take place within two to three weeks. This information was furnished to FBI Agents on June 25, 1971, when Hardy first contacted our FBI Office in Camden, New Jersey.

Although Hardy did supply the individuals involved in the burglary of the Selective Service Board in Camden, New Jersey, with some tools, money, technical assistance, and encouragement, these contributions were only a part of the support furnished by others involved to accomplish the burglary of the Selective Service Board.

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62-116404

285
GPO: 1975 O-567-920

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. W. R. Wannall

FROM : F. J. Cassidy *FJC*

SUBJECT: HOUSTUDY

1 - Mr. J. B. Adams
1 - Mr. H. N. Bassett
1 - Mr. R. J. Gallagher

DATE: 1/21/76

1 - Mr. J. A. Mintz
1 - Mr. E. W. Walsh
1 - Mr. W. R. Wannall
1 - Mr. W. O. Cregar
1 - Mr. F. J. Cassidy

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At approximately 5 p.m. 1/20/76 the Attorney General's Office made available two Xerox copies of a 338-page report of the House Select Committee on Intelligence with instructions that this report be reviewed (1) to see if any classified information furnished by the FBI was contained therein and (2) to determine if there were any egregious errors contained therein pertaining to information furnished by the FBI.

Instructions were that if either of the above was discovered a separate write-up was to be prepared citing the page number and line number. The text was then to be quoted after which the proposed revision was to be set forth. Additionally, an explanation for the change was to be set forth. Any write-ups developed as a result of this review of the House Select Committee report were to be furnished to Mr. Mitch Rogovin at CIA Headquarters by 9 p.m. on the evening of 1/20/76. It being noted that Mr. Rogovin is coordinating the intelligence community's response to this report.

Information was subsequently received from the Department that only information pertaining to classified material needed to be furnished to Mr. Rogovin by 9 p.m. and that any such information developed was to be furnished directly to Mr. Rogovin.

Section Chiefs of the Intelligence Division were each assigned sections of the report to review for items 1 and 2 listed above and additionally for any information concerning CIA or other Government agencies which might have an impact on the FBI.

EX 104 REC-51 62-116464-284
FEB 4 1976

As Mr. Walsh's testimony was mentioned, a portion of the report was referred to him for review. Portions of primary interest to the Inspection and General Investigative Divisions were also referred to those Divisions.

Enclosure
62-116464

FJC:glw
(9)

CONTINUED - OVER

SECRET MATERIAL ATTACHED



84 FEB 6 1976

NW 55916 DocId:32989710 Page 41

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Memorandum to Mr. W. R. Wannall
Re: Houstudy
62-116464

The only classification problem developed during this review concerned information contained at page 314 of the report wherein the identities of Cointelpro activity against certain foreign countries was mentioned and the countries identified. This information had previously been classified "Secret" by the Attorney General.

A copy of our memorandum setting forth this information (attached) was delivered to Mr. Rogovin's office at CIA Headquarters by a representative of the Intelligence Division at 8 p. m. 1/20/76.

ACTION:

For information. The Intelligence, Administrative, Inspection and General Investigative Divisions will submit write-ups on any egregious errors on 1/21/76, which write-ups will be furnished to the Department and Mr. Rogovin.

[Handwritten signatures and initials]
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J31
Pm

SECRET

Page 314

Line: Footnote #325

Report reads: Lesser programs were the Puerto Rican Bomber program (1960), Operation Hoodwink (1960) (a program pitting the Mafia against the Communist Party), Operation Border Coverage (1961), the Cuban program (1961) and the Yugoslav program (1960).

Proposed revisions: Lesser programs were the programs aimed at militant and violence-prone groups which sought Puerto Rican independence (1960), Operation Hoodwink (1960) (a program pitting the Mafia against the Communist Party), and three additional programs in the area of foreign intelligence that are classified "Secret."

Reason for change: The information set forth in the House Select Committee draft report referring to "Operation Border Coverage," the "Cuban Program," and the "Yugoslav Program" has been classified by the Attorney General, exempt from GDS, Category Number 3, date of declassification indefinite. In a press release dated May 28, 1975, Attorney General Edward H. Levi referred to "three foreign intelligence programs classified 'Secret.'" These three programs have not been publicly identified to date.

There was no such program known as the "Puerto Rican Bomber" (1960). Our program entitled "Groups Seeking Independence for Puerto Rico, Counterintelligence Program" was actually initiated in 1960 and not in 1966 as indicated by the House Select Committee.

SECRET

Classified by 5736

Exempt from GDS, Category Number 3

Date of Declassification Indefinite

ENCLOSURE

62-116464-284

a. Programs as Abuses

COINTELPRO was a series of covert counterintelligence programs aimed at identifying, penetrating, and neutralizing subversive elements in the United States. Unfortunately, the program itself consisted of myriad clandestine dirty tricks carried out by FBI agents against persons and organizations considered subversive by the FBI. ^{525/} Careers were ruined, friendships severed, reputations sullied, businesses bankrupted and, in some cases, lives endangered. ^{526/}

^{525/} The primary programs were the Communist Party, U.S.A. program (commenced in 1956), the Socialist Workers Party program (commenced in 1961), the White Extremist program (commenced in 1964), the Black Extremist program (commenced in 1967), and the New Left Domestic program (commenced in 1968). Lesser programs were the Puerto Rican Bomber program (1966), Operation Hoodwink (1966) (a program pitting the Mafia against the Communist Party), Operation Border Coverage (1961), the Cuban program (1961) and the Yugoslav program (1969). All COINTELPRO programs terminated after their existence was discovered following the burglary of the FBI office in Media, Pa. on April 27, 1971. Staff COINTELPRO briefing between Raymond Wannall, Assistant Director of the FBI in charge of the Intelligence Division and J.B.F. Oliphant and R. Vermeire, at FBI headquarters, Aug. 22, 1975, copy on file with Sel. Comm. on Intell.

^{526/} The following are but a few examples of specific COINTELPRO programs, of which there were a total of 3,208 proposed and 1,388 carried out:

In 1969, the FBI authorized an agent to send anonymous letters to the superior of Father Augustus Taylor, Jr., a Catholic priest, complaining of Father Taylor's speaking out on his television show against the war in Vietnam and of his public support of certain black organizations. Father Taylor's television show was subsequently cancelled and he was transferred. FBI COINTELPRO memoranda,

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. J. B. Adams

FROM : Legal Counsel

SUBJECT: HOUSTUDY

1 - Mr. Cleveland
1 - Mr. Wannall
1 - Mr. Mintz
DATE: 1-21-76

1 - Mr. Cregar
1 - Mr. Hotis
1 - Mr. Daly
1 - Mr. Stassinis

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Steven Blackhurst, Assistant Special Counsel for Intelligence Coordination, Department of Justice, advised on 1-21-76 that the Department of Justice, after consultation with Assistant Attorney General, Office of Legal Counsel, Antonin Scalia, and the Deputy Attorney General Harold R. Tyler, Jr., had determined that Title 31, Section 869, does not preclude the Bureau from operating corporate proprietaries. This decision was orally furnished the House Select Committee. Blackhurst indicated the House Committee has since been advised of that decision and furnished a letter requesting a written statement of that decision. Blackhurst indicated the Department has not as yet decided whether they would respond to the aforementioned Committee request.

RECOMMENDATION:

For information.

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ST 10962-116464-283

REC-7: 62-116464-1311

5 JAN 30 1976

PVD:dkg (9)



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

The Attorney General

Director, FBI

U. S. HOUSE SELECT COMMITTEE ON
INTELLIGENCE ACTIVITIES (HSC)

1 - Mr. Wannall
2 - Mr. Mintz
 (Mr. Hotis)
1 - Mr. Cleveland
 January 7, 1976
1 - Mr. Branigan
1 - Mr. Cregar
1 - Mr. McNiff

Reference is made to HSC letter dated December 1, 1975, requesting access to documents and other information from the FBI pertaining to accounting practices and procedures as they relate to the operation of proprietaries maintained by the FBI.

Pursuant to your instructions of this date, attached for your approval and forwarding to the HSC is the original of a memorandum which responds to the above HSC request. A copy of this memorandum is being furnished for your records.

A representative of the HSC has been orally advised that the material described in the attached letterhead memorandum is available for review in Bureau space on this date.

It should be noted that, for the reasons set forth in the memorandum, this Bureau is not making available to the HSC documents evidencing this Bureau's compliance with state and/or Federal laws regarding the operation of some of these proprietaries. It is being left to the decision of the Department as to whether or not it is believed desirable for the Department to offer to the HSC a certification prepared by a responsible Bureau person to the effect that Federal and state laws have been observed in these operations.

Enclosures (2)

62-116464

Assoc. Dir. _____
Dep. AD Adm. - 1 - The Deputy Attorney General
Dep. AD Inv. - (Attention: Michael E. Shaheen, Jr.
Asst. Dir.: Special Counsel for
Intelligence Coordination)
Admin. _____
Comp. Syst. _____
Ext. Affairs _____
Files & Com. _____
Gen. Inv. _____
Ident. _____
Inspection _____
Intell. - TJM/PVD:lad (14)
Laboratory _____
Plan. & Eval. _____
Spec. Inv. _____
Training _____
Director Sec'y _____

SEE NOTE NEXT PAGE

FEB 4 1976

The Attorney General

NOTE: Representatives of the FBI met with the Attorney General on 1/6/76 objecting to the furnishing of the information described in the attached letterhead memorandum. The Attorney General decided that the Bureau should be responsive to the HSC request for information concerning financial transactions relating to the operation of proprietaries. On 1/7/76, Michael E. Shaheen, Jr., Special Counsel for Intelligence Coordination in the Department, advised that Rex Lee, Assistant Attorney General, Civil Division, after attending a White House meeting which discussed this particular request and consultation with the Attorney General, had been instructed by the Attorney General, to insure that the Bureau's response to the HSC request was delivered on this date to the Committee.

1 - Mr. Wannall
 2 - Mr. Mintz
 (Mr. Hotis)
 1 - Mr. Cleveland
 January 7, 1976
 1 - Mr. Branigan
 1 - Mr. Cregar
 1 - Mr. McNiff

U. S. HOUSE SELECT COMMITTEE ON
 INTELLIGENCE ACTIVITIES (HSC)

Reference is made to the December 1, 1975, letter of the HSC requesting access to FBI materials pertaining to accounting practices and procedures as they relate to the operation of three FBI proprietaries.

Pursuant to an accommodation reached on December 21, 1975, between Mr. Rex Lee, Assistant Attorney General, Department of Justice, and Mr. Aaron Donner, HSC Counsel, it was agreed that this Bureau would make available sanitized material responsive to requests contained in referenced HSC letter in the following specific areas and then only if such information did not tend to expose the operation in question:

1. Financial balance sheet and a profit and loss statement for no more than five years.
2. The original amount and source of the money used to create each proprietary.
3. Evidence of compliance with state and/or Federal laws.

Materials believed to be responsive to the aforementioned Items 1 and 2, consistent with security of operations, have been assembled and are available for review by HSC Staff Members in Room 4171, J. Edgar Hoover Building. Mr. Elliott Maddox of the HSC was advised of this on January 7, 1976 by a representative of the FBI.

Assoc. Dir. _____
 Dep. AD Adm. _____
 Dep. AD Inv. _____
 Asst. Dir.:
 Admin. _____
 Comp. Syst. _____
 Ext. Affairs _____
 Files & Com. _____
 Gen. Inv. _____
 Ident. _____
 Inspection _____
 Intell. _____
 Laboratory _____
 Plan. & Eval. _____
 Spec. Inv. _____
 Training _____
 Legal Coun. _____
 Telephone Rm. _____
 Director Sec'y _____

TJM/PVD:lad
 (13)

MAIL ROOM ☐

TELETYPE UNIT ☐

U.S. HOUSE SELECT COMMITTEE ON INTELLIGENCE ACTIVITIES (HSC)

With regard to Item 3, material being made available for review will show that no income was involved in the operation of one of the proprietaries, hence, no state and/or Federal taxes were paid with regard to that particular operation. As advised in the briefing afforded the HSC on October 15, 1975, concerning the operation of proprietaries, this Bureau has complied with Federal and/or state laws in connection with the operation of the two remaining proprietaries. Evidence, however, of this Bureau's compliance with such Federal and/or state laws cannot be made available to the HSC at this time as presentation of such evidence, coupled with a minimal amount of research, could lead to the exposure of these operations therefore endangering not only their successful conclusion but also possibly, in some instances, the lives of Agents and/or informants involved in the operation.

1 - The Attorney General

NOTE: On 1/6/76, Mr. Steven Blackhurst, Assistant Special Counsel for Intelligence Coordination in the Department, advised that the balance sheets and profit and loss statements being made available for review by the HSC should for purposes of security be rounded off to the nearest \$10,000 or \$1,000 increment as the case may be.

HSC REQUEST 12/1/75

re Proprietaries

Item 1: Balance Sheets and Profit and Loss
Statements 1970 - 75 relating to
property holding, metropolitan area.

ACCESS

Information made available to HSC was
prepared by SA James L. Theisen, Div 6,
on 1/8/76. Material was prepared from figures
analyzed in tax returns filed 1971-75 for
federal and district government, copies of
which returns are maintained by Super
George Baker, WFO. TDM

62-116464-282
~~62-116464-125~~

BALANCE SHEET
FISCAL YEAR 1971 *

ASSETS

Current Assets:

Cash on Hand	\$10,000.00
Prepaid Items	10,000.00
Receivables	10,000.00
Total Current Assets	\$ 30,000.00

Fixed Assets

Building and Equipment	\$800,000.00
Land	90,000.00
	890,000.00
Less: Depreciation on Fixed Assets	320,000.00

Total Fixed Assets \$570,000.00

Total Assets \$600,000.00

LIABILITIES AND EQUITY

Current Liabilities:

Accrued Taxes	\$10,000.00
Total Current Liabilities	\$10,000.00

Long Term Liabilities:

Notes Payable	\$540,000.00
Total Long Term Liabilities	\$540,000.00

Stockholders' Equity:

Capital Stock	\$60,000.00
Surplus	(10,000.00)
Total Stockholders' Equity	\$50,000.00

Total Liabilities and Equity \$600,000.00

* Rounded to nearest \$10,000.00

62-116464-282

~~116464-282~~

BALANCE SHEET
FISCAL YEAR 1972 *

ASSETS

Current Assets:

Cash on Hand	\$10,000.00	
Receivables	20,000.00	
Total Current Assets		\$30,000.00

Fixed Assets:

Building and Equipment	\$300,000.00	
Land	90,000.00	
	<u>890,000.00</u>	
Less: Depreciation on Fixed Assets	<u>350,000.00</u>	

Total Fixed Assets 540,000.00

Total Assets \$570,000.00

LIABILITIES AND EQUITY

Long Term Liabilities:

Notes Payable	\$510,000.00	
Total Long Term Liabilities		510,000.00

Stockholders' Equity:

Capital Stock	60,000.00	
Surplus	<u>-0-</u>	
Total Stockholders' Equity		\$60,000.00

Total Liabilities and Equity \$570,000.00

* Rounded to nearest \$10,000.00

62-116464-282
~~12-1-1972 1256X~~

BALANCE SHEET
FISCAL YEAR 1973 *

ASSETS

Current Assets:

Cash on Hand	\$20,000.00	
— Receivables	<u>20,000.00</u>	
Total Current Assets		\$40,000.00

Fixed Assets:

Building and Equipment	\$800,000.00	
Land	<u>90,000.00</u>	
	890,000.00	
Less: Depreciation on Fixed Assets	<u>370,000.00</u>	
Total Fixed Assets		<u>\$520,000.00</u>

Total Assets	<u>\$560,000.00</u>
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LIABILITIES AND EQUITY

Long Term Liabilities:

Notes Payable	\$490,000.00	
Total Long Term Liabilities		\$490,000.00

Stockholders' Equity:

Capital Stock	\$60,000.00	
Surplus	<u>10,000.00</u>	
Total Stockholders' Equity		<u>\$70,000.00</u>

Total Liabilities and Equity	<u>\$560,000.00</u>
------------------------------	---------------------

* Rounded to nearest \$10,000.00

62-116464-282
1256

BALANCE SHEET
FISCAL YEAR 1974 *

ASSETS

Current Assets:

Cash on Hand	\$20,000.00
Receivables	<u>10,000.00</u>
Total Current Assets	\$30,000.00

Fixed Assets:

Building and Equipment	\$800,000.00
Land	<u>90,000.00</u>
	890,000.00
Less: Depreciation on Fixed Assets	<u>390,000.00</u>

Total Fixed Assets \$500,000.00

Total Assets \$530,000.00

LIABILITIES AND EQUITY

Long Term Liabilities:

Notes Payable	\$450,000.00
Total Long Term Liabilities	\$450,000.00

Stockholders' Equity:

Capital Stock	\$60,000.00
Surplus	<u>20,000.00</u>
Total Stockholders' Equity	\$80,000.00

Total Liabilities and Equity \$530,000.00

* Rounded to nearest \$10,000.00

62-116464 - 282

ENCLOSURE

12518

BALANCE SHEET
FISCAL YEAR 1975 *

ASSETS

Current Assets:

Cash on Hand	\$20,000.00
Receivables	<u>10,000.00</u>
Total Current Assets	\$30,000.00

Fixed Assets:

Building and Equipment	\$800,000.00
Land	<u>20,000.00</u>
	820,000.00
Less: Depreciation on Fixed Assets	<u>410,000.00</u>

Total Fixed Assets \$480,000.00

Total Assets \$510,000.00

LIABILITIES AND EQUITY

Long Term Liabilities:

Notes Payable	\$420,000.00
Total Long Term Liabilities	\$420,000.00

Stockholders' Equity:

Capital Stock	\$60,000.00
Surplus	<u>30,000.00</u>
Total Stockholders' Equity	\$90,000.00

Total Liabilities and Equity \$510,000.00

* Rounded to nearest \$10,000.00

62-116464-282

~~62-116464-1256~~ X

PROFIT AND LOSS STATEMENT
FISCAL YEAR 1971 *

Gross Income		\$145,000.
Operating Expenses:		
Salaries	\$10,000.	
Depreciation	23,000.	
Other Operating Expenses	<u>43,000.</u>	<u>76,000.</u>
Net Operating Income		69,000.
Other Revenue and Gain:		
Interest Revenue	1,000.	
Other Expenses and Losses:		
Interest Expense	<u>34,000.</u>	<u>33,000.</u>
Net Income Before Taxes		36,000.
Taxes Paid		15,000.
Net Income **		<u>\$21,000.</u>

* Rounded to nearest \$1,000.00

** Before Federal and Local Income Taxes

62-116464-282

Enclosure

62-116464-1256X

PROFIT AND LOSS STATEMENT
FISCAL YEAR 1972 *

Gross Income		\$153,000.
Operating Expenses:		
Salaries	\$11,000.	
Depreciation	22,000.	
Other Operating Expenses	<u>58,000.</u>	<u>91,000.</u>
Net Operating Income		62,000.
Other Revenue and Gain:		
Interest Revenue	1,000.	
Other Expenses and Losses:		
Interest Expense	<u>31,000.</u>	<u>30,000.</u>
Net Income Before Taxes		32,000.
Taxes Paid		16,000.
Net Income **		<u><u>\$16,000.</u></u>

* Rounded to nearest \$1,000.00

** Before Federal and Local Income Taxes

62-116464 - 282

PROFIT AND LOSS STATEMENT
FISCAL YEAR 1973 *

Gross Income		\$153,000.
Operating Expenses:		
Salaries	\$12,000.	
Depreciation	21,000.	
Other Operating Expenses	<u>57,000.</u>	<u>90,000.</u>
Net Operating Income		63,000.
Other Revenue and Gain:		
Interest Revenue	\$ 2,000.	
Other Expenses and Losses:		
Interest Expense	<u>30,000.</u>	<u>28,000.</u>
Net Income Before Taxes		35,000.
Taxes Paid		<u>17,000.</u>
Net Income **		<u>\$18,000.</u>

* Rounded to nearest \$1,000.00

** Before Federal and Local Income Taxes

62-116464-282

12-11-73 12-16-73

PROFIT AND LOSS STATEMENT
FISCAL YEAR 1974 *

Gross Income		\$160,000.
Operating Expenses:		
Salaries	13,000.	
Depreciation	21,000.	
Other Operating Expenses	<u>71,000.</u>	<u>\$105,000.</u>
Net Operating Income		55,000.
Other Revenue and Gain:		
Interest Revenue	2,000.	
Other Expenses and Losses:		
Interest Expense	<u>29,000.</u>	<u>27,000.</u>
Net Income Before Taxes		28,000.
Taxes Paid		<u>18,000.</u>
Net Income **		<u>\$ 10,000.</u>

* Rounded to nearest \$1,000.00

** Before Federal and Local Income Taxes

62-116464-282

ENCLOSURE

1256X

PROFIT AND LOSS STATEMENT
FISCAL YEAR 1975 *

Gross Income		\$170,000.
Operating Expenses:		
Salaries	\$13,000.	
Depreciation	21,000.	
Other Operating Expenses	<u>79,000.</u>	<u>\$113,000.</u>
Net Operating Income		57,000.
Other Revenue and Gain:		
Interest Revenue	\$ 2,000.	
Other Expenses and Losses:		
Interest Expense	<u>\$28,000.</u>	<u>\$ 26,000.</u>
Net Income Before Taxes		31,000.
Taxes Paid		<u>17,000.</u>
Net Income **		<u><u>\$ 14,000.</u></u>

* Rounded to nearest \$1,000.00

** Before Federal and Local Income Taxes

62-116464-282

~~62-116464-10567~~

HSC REQUEST 12/1/75

re PROPRIETARIES

Item 2: Initial Funding and Source of
Funds for operation of property
holding, metropolitan area.

ACCESS

62-116464-282

~~62-116464-1256X~~

This proprietary was created from funds available to the Central Intelligence Agency which were transferred to the FBI. The full purchase price of the proprietary was \$1,410,000*including closing costs.

*Rounded to nearest \$10,000.

HSC REQUEST 12/1/75

re Proprietaries

Item 1: Balance Sheet, 1975 relating to
business operation, metropolitan area.

ACCESS

62-116464-282

~~62-116464-12561~~

E. CLERK

BALANCE SHEET
FISCAL YEAR 1975, ENDING OCTOBER 31.

ASSETS

Current Assets:

Cash on Hand	\$10,303.71
Security Deposit on Property	<u>11,492.56</u>
Total Current Assets	\$21,796.27

Fixed Assets:

Leasehold Improvements	\$ 3,115.85
Total Fixed Assets	<u>\$ 3,115.85</u>
	<u>\$24,912.12</u>

LIABILITIES AND EQUITY

Long Term Liabilities:

Advances	\$65,000.00
Total Long Term Liabilities	\$65,000.000

Partnership Equity:

Earned Surplus	(\$40,087.88)
Total Partnership Equity	<u>(\$40,087.88)</u>
Total Liabilities and Equity	<u>\$24,912.12</u>

HSC REQUEST 12/1/75

re Proprietaries

Item 2: Initial Funding and Source of
Funds for operation of business,
metropolitan area.

ACCESS

62-116464-282

to be removed

~~62-116464-12568~~

This proprietary was created from funds available to the Central Intelligence Agency and transferred to the FBI. The amount of \$155,000 has been allocated to this proprietary from these funds for a period of three years. Of this amount, \$65,000 was furnished to the Washington Field Office on November 1, 1974. On November 4, 1975, the Washington Field Office was furnished \$46,325. The balance is being held in escrow.

HSC REQUEST 12/1/75

re Proprietaries

Items 1 and 2: Balance Sheet, Profit and
Loss Statement and Initial
Funding, all 1975, relating
to business operation, Baltimore
area.

ACCESS

62-116464-282

~~62-116464-1256~~

BALANCE SHEET
AS OF DECEMBER 31, 1975

ASSETS

CURRENT ASSETS:

Cash*	\$ 97,843.33	
Accounts Receivable	5,000.00	\$102,843.33

PLANT AND EQUIPMENT:

Equipment	\$ 1,046.00	
Trucks and Autos	4,700.00	
	<u>5,746.00</u>	
Less Reserve for Depreciation	1,184.00	4,562.00

OTHER ASSETS:

Deposit on Contracts		<u>1,256.00</u>
--------------------------------	--	-----------------

TOTAL ASSETS		<u>\$108,661.33</u>
------------------------	--	---------------------

LIABILITIES AND NET WORTH

CURRENT LIABILITIES:

Federal and State Withholding Taxes	\$ 189.99	\$ 189.99
---	-----------	-----------

OTHER LIABILITIES:

Loan - Stockholders		<u>26,671.66</u>
-------------------------------	--	------------------

TOTAL LIABILITIES		<u>\$ 26,861.65</u>
-----------------------------	--	---------------------

NET WORTH:

Capital Stock Issued	\$100,000.00	
Capital Contributed in Excess of Stated Value	4,700.00	
	<u>104,700.00</u>	

Retained Earnings

Loss Incurred	<u>(22,900.32)</u>	
-------------------------	--------------------	--

TOTAL NET WORTH		81,799.68
-----------------	--	-----------

TOTAL LIABILITIES AND NET WORTH		<u>\$108,661.33</u>
---------------------------------	--	---------------------

*Note: All Cash in bank from U.S. Treasury minus
\$11,000 from services performed.

STATEMENT OF PROFIT AND LOSS

INCOME \$16,000.00

COST OF SALES:

Labor	\$ 3,224.00
Consultant	8,900.00
Materials	3,259.05
Equipment Rental	3,156.02
Miscellaneous Job Costs	<u>1,423.26</u>

Total 19,962.33

LOSS \$ 3,962.33

EXPENSES:

Small Tools & Supplies	\$ 891.42
Insurance	11,497.63
Gas & Oil	851.80
Office and Sundry Expenses	3,759.99
Entertainment	572.22
Taxes	180.93
Depreciation	<u>1,184.00</u>

Total 18,937.99

NET OPERATING LOSS (\$22,900.32)

TO: Intelligence Community Staff
ATTN: Central Index

FROM: FBI

SUBJECT: Abstract of Information Provided to Select Committees

1. HOW PROVIDED (check appropriate term. If a document was made available
for review but not transmitted, so note.)

2. DATE PROVIDED

☒ DOCUMENT ☐ BRIEFING ☐ INTERVIEW ☐ TESTIMONY ☐ OTHER

1/7/76

FOR REVIEW

3. TO WHOM PROVIDED (check appropriate term; add specific names if appropriate)

SSC

☒ HSC4. IDENTIFICATION (provide descriptive data for documents; give name or identification number of briefer,
interviewee, testifier and subject)

Memorandum

5. IN RESPONSE TO (list date and item number if in response to formal request, other-
wise state verbal request of (name), initiative, subpoena, etc.)

HSC letter 12/1/75

6. CLASSIFICATION OF
INFORMATION (enter
U, C, S, TS or
Codeword)

U

7. KEY WORDS (enter the appropriate key words from the list provided separately; if key words not listed are
used underline for emphasis)

Budget

8. SUMMARY (see reverse side before completing this item)

Available for review by SSC Staff Members at FBIHQ sanitized materials pertaining to accounting practices and procedures in the following specific areas: Financial balance sheet and a profit and loss statement for no more than five years. The original amount and source of the money used to create each proprietary. Evidence of compliance with state and/or Federal laws.

62-116464

FMK: fmk

(4) ORIGINAL VIA LIAISON TO CENTRAL COMMUNITY INDEX
IN CONNECTION WITH HOUSTUDY62-116464-282
TREAT AS YELLOW

1 - Mr. J. B. Adams
1 - Mr. H. N. Bassett
1 - Mr. R. J. Gallagher
1 - Mr. J. A. Mintz
1 - Mr. E. W. Walsh

The Attorney General

January 22, 1976

Director, FBI

1 - Mr. W. R. Wannall
1 - Mr. W. O. Cregar
1 - Mr. F. J. Cassidy

HOUSE SELECT COMMITTEE
ON INTELLIGENCE

Pursuant to the request made by your staff on January 20, 1976, the Bureau has reviewed the draft final report of the House Select Committee on Intelligence. I am forwarding to you separate write-ups concerning those parts of the report based on information furnished by the FBI which we believe disclose information which should be classified and matters which are erroneously reported by the Committee. Additionally, pursuant to your staff's request, we are furnishing a copy of the write-ups concerning erroneous material to Mr. Mitchell Rogovin, Special Counsel to the Director of Central Intelligence. On the evening of January 20, 1976, we furnished Mr. Rogovin a copy of the write-up concerning classification matters.

Enclosures - 31

1 - Mr. Michael Shaheen, Jr.
Special Counsel for Intelligence Coordination
RHR:jmn
(12) jmn

SEE NOTE PAGE 2

Del to Mr. Tammill, AG's office,
1/23/76 RHR

REC-31

62-116461-281

ST-111

5 JAN 30 1976

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir.:
Admin. _____
Comp. Syst. _____
Ext. Affairs _____
Files & Com. _____
Gen. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____
Plan. & Eval. _____
Spec. Inv. _____
Training _____
Legal Coun. _____
Telephone Rm. _____
Director Sec'y _____

ENCLOSURE

SECRET MATERIAL ATTACHED

ROUTE TO ENVELOPE

84 FEB 2 1976
NW 55 181 DocId:32989710

TELETYPE UNIT ☐
Page 71

GPO : 1975 O - 377-120

The Attorney General

NOTE:

At approximately 5 p.m. 1/20/76 the Attorney General's Office made available two Xerox copies of a 338-page report of the House Select Committee on Intelligence with instructions that this report be reviewed (1) to see if any classified information furnished by the FBI was contained therein and (2) to determine if there were any egregious errors contained therein pertaining to information furnished by the FBI. Mr. Michael Shaheen, Jr., Special Counsel for Intelligence Coordination, and Mr. Douglas Marvin, Special Assistant to the Attorney General, advised that the Bureau's observations were to be furnished directly to Mr. Mitchell Rogovin, Special Counsel to the Director of Central Intelligence.

Section Chiefs of the Intelligence Division were assigned sections of the report to review for items 1 and 2 listed above and additionally for any information concerning CIA or other Government agencies which might have an impact on the FBI.

Portions of primary interest to the Inspection, General Investigative, and Administrative Divisions were referred to those Divisions.

The only classification problem developed during this review concerned information contained at page 314 of the report wherein the identities of Cointelpro activity against certain foreign countries was mentioned and the countries identified. This information had previously been classified "Secret" by the Attorney General. A copy of our memorandum setting forth this information was delivered to Mr. Rogovin's office at CIA Headquarters by a representative of the Intelligence Division at 8 p.m. 1/20/76.

Write-ups prepared by the concerned Divisions regarding errors in the draft were prepared on 1/21/76, and are being furnished to the Attorney General and Rogovin. Those furnished by Administrative and Inspection Divisions were received from Assistant Directors Walsh and Bassett, respectively.

The Attorney General

NOTE CONTINUED:

Mr. Rogovin had advised that he would need the FBI material by 3 p. m. on 1/22/76 as he was to meet with the House Select Committee at 4 p. m. on 1/22/76 to present the material for the entire intelligence community. At 12:45 p. m. on 1/22/76 Mr. Rogovin advised that he had received a call from the House Select Committee staff in which he was advised that they would cease all negotiations at 3 p. m. on 1/22/76. He advised that he was en route to the Capitol Building and requested that any submissions that the FBI had to correct the record be furnished to him at the Capitol Building as soon as possible. The materials prepared by the FBI were approved by the Assistant Director of the Division involved and at the time of receipt of the above information from Mr. Rogovin these materials had just been delivered to Mr. Adams' office. Pursuant to instructions of Mr. Mack in Mr. Adams' office a copy of the materials were delivered by a representative of the Legal Counsel Division to Mr. Rogovin so that we would not miss the opportunity of placing in record our objections to the erroneous material concerning FBI information set forth in the draft of the House Select Committee report.

SECRET

Page 314

Line: Footnote #325

Report reads: Lesser programs were the Puerto Rican Bomber program (1966), Operation Hoodwink (1966) (a program pitting the Mafia against the Communist Party), Operation Border Coverage (1961), the Cuban program (1961) and the Yugoslav program (1966).

Proposed revisions: Lesser programs were the programs aimed at militant and violence-prone groups which sought Puerto Rican independence (1966), Operation Hoodwink (1966) (a program pitting the Mafia against the Communist Party), and three additional programs in the area of foreign intelligence that are classified "Secret."

Reason for change: The information set forth in the House Select Committee draft report referring to "Operation Border Coverage," the "Cuban Program," and the "Yugoslav Program" has been classified by the Attorney General, exempt from GDS, Category Number 3, date of declassification indefinite. In a press release dated May 26, 1975, Attorney General Edward H. Levi referred to "three foreign intelligence programs classified 'Secret.'" These three programs have not been publicly identified to date.

There was no such program known as the "Puerto Rican Bomber" (1966). Our program entitled "Groups Seeking Independence for Puerto Rico, Counterintelligence Program" was actually initiated in 1960 and not in 1966 as indicated by the House Select Committee.

SECRET

Classified by 5735
Exempt from GDS, Category Number 3
Date of Declassification Indefinite

ENCLOSURE

62-116461-281

HOUSE SELECT COMMITTEE ON INTELLIGENCE DRAFT REPORT

Page 34

Heading: "a. An Attack Averted"

Paragraph 1:

"If no 'flank' attack was launched by the FBI to discredit the Committee, it may have been because one was averted by the Committee."

Proposed Revision

This paragraph should be deleted.

Reason for the Change .

This heading and paragraph are speculative and derogatory to the FBI and should be deleted. The FBI never launched, or contemplated any attack to discredit the Committee and such speculation is completely irresponsible.

HOUSE SELECT COMMITTEE ON INTELLIGENCE DRAFT REPORT

Page 35, Paragraph 1

"In a Committee deposition of December 30, 1975, Kaiser claimed that the FBI agents were more concerned with discrediting the Committee's inquiry and personnel than conducting their investigation of U. S. Recording. Ultimately, the agents had elicited from him a statement, written by an FBI agent, which in some insignificant details recanted portions of his testimony. Mr. Kaiser then repudiated that written statement, which he had signed while agents stood over him and thrust it in front of him."

Proposed Revision

In a Committee deposition of December 30, 1975, Kaiser claimed that FBI Agents were more concerned with what appeared to be material errors in his statement to the Committee than in the relationship with U. S. Recording. Ultimately, the Agents had elicited from him a statement, written in part by an FBI Agent, which in some details recanted portions of his testimony. Kaiser said he wrote the last two paragraphs of the statement.

Reason for the Change

The paragraph should be changed as it is not factual. Kaiser did not claim that the FBI Agents were more concerned with discrediting the Committee's inquiry and personnel than conducting their investigation of U. S. Recording Company, and Kaiser did not state that he repudiated his written statement of 12/23/75.

In a Committee deposition of 12/30/75, on page 33, the following question and answer appear in regard to the interview of Martin L. Kaiser on 12/23/75:

"Mr. Oliphant: Would you describe that meeting for us? Would you describe what happened, what they said to you, what you said to them?

"Mr. Kaiser: Yes; it was clear from the onset that they were no longer interested in my opinion or my position, that they had some facts they wanted to state to me, and they came under the guise of clarifying some issues, but they immediately hit me with these material errors, what appeared to be material errors in my statement."

On page 55 of the deposition Mr. Kaiser was asked about references to two Committee investigators by the interviewing FBI Agents and the following appears:

"Mr. Atkisson: Did they refer to any other Committee personnel or the Committee in general?

"Mr. Kaiser: No.

"Mr. Atkisson: Any members of the Committee, Chairman Pike or anybody like that?

"Mr. Kaiser: Nobody. . . ."

On page 76 of the deposition it shows:

"Mr. Oliphant: One final question. On the statement which you gave to the FBI agents on December 23, 1975, I call your attention to page 4 of that statement, Committee's exhibit #1. Is this your handwriting?

"Mr. Kaiser: Right, the last two paragraphs are my handwriting."

Page 58, lines 14-16, page 59, line 1 and footnote 99 reads as follows: "Five minutes compares favorably with the weeks it took Committee staff to obtain precise answers to the difference between FBI 'informants' and 'confidential sources.'"

"99

The single material factor is that informants are live human beings who are paid for the information they provide. A question, then, of the number of 'informants' used against the Institute for Policy Studies could safely be answered in impressively low numbers, when the fact is that fully 52 'sources' (unpaid individuals, inanimate objects such as pieces of abandoned trash or a reconstructed typewriter ribbon, in addition to true 'informants') were used. See, Comm. Hearings, at Nov. 18, 1975.

"Terms may differ when functions do not. At DEA, much is made of the difference between 'enforcement' functions and 'intelligence' functions. In practice, DEA intelligence is tied to enforcement, which means that it is strictly 'tactical.' See, notes , and accompanying text."

Proposed Revision: "Five minutes compares favorably with the weeks it took Committee staff to obtain precise answers to the difference between FBI 'informants' and 'confidential sources.'"

"The single material factor is that informants are live human beings who may be paid for the information they provide. A question, then, of the number of 'informants' used against the Institute for Policy Studies (IPS) could safely be answered in impressively low numbers. However, the number of FBI sources concealed in the initial report dated March 14, 1969, on IPS totaled 52. This total included concealment which was provided to paid informants, unpaid individuals who furnished information, other Government agencies, and other intelligence and police agencies. Paid informants were concealed to insure their continued effectiveness and personal protection. All other individuals and agencies were concealed because they expressed or implied that their identities be concealed. It was a policy of the FBI to extend to any person or agency, the privilege of having their identities concealed if they provide information to the FBI. Subsequent reports on

"IPS protected the technique of obtaining abandoned trash and reconstructing a typewriter ribbon by referring to these techniques as 'sources.' The initial 109 page IPS report surveyed IPS activities from its inception in 1962 to March, 1969, however, the information was obtained during the period of active investigation in 1969. This report concealed 52 varied sources of information, but the bulk of these sources were used to provide identification and characterizations of individuals and organizations affiliated or in contact with IPS. Few sources reported directly on IPS. See Comm. Hearings, at , Nov. 18, 1975."

Reason for Revision: Page 58 of the Committee report is captioned "The Right Question." It discusses the problem of developing information about intelligence activities without knowing the right questions to ask. The report indicates it took the Committee staff weeks to obtain precise answers to the difference between FBI "informants" and "confidential sources." Footnote 99 is an effort to show that when the FBI refers to "informants" used, it is not responsive to the question of the number of sources used. The number "52" which is used in footnote 99, is the number of T symbols used to conceal sources in the initial IPS report dated March 14, 1969. These T symbols concealed informants, Government agencies, other police and intelligence agencies, and unpaid individuals who voluntarily furnished information to the FBI. None of the information contained in the report was derived from abandoned trash or a reconstructed typewriter ribbon, however, in subsequent IPS reports, both those techniques were used and reported as sources. The Committee report has attempted to infer, by using the number "52," that the FBI had 52 sources targeted and reporting on IPS. This is inaccurate and does not provide the reasons for concealing sources of information in FBI reports. The Committee implies that the FBI has control over these 52 varied sources, and that because they furnish information, they are identical to paid informants.

HOUSE SELECT COMMITTEE ON INTELLIGENCE DRAFT REPORT

Page 83, Paragraph 6

"A middle-man who is a close friend of top FBI officials tacked thousands, if not millions, of dollars of unwarranted mark-ups on to covert purchases."

Proposed Revision

The FBI purchased through a middleman considerable electronic equipment. Markups on the equipment purchased amounted to several thousand dollars.

Reason for Change

The report is making a sweeping statement apparently referring to all of the agencies they made inquiry of who purchased electronic equipment through a cut-out. However, by its very wording, there appears to be two areas -- one a deliberate attempt to imply improprieties (friend of several top FBI officials), and the other an inference that, if true, should be stated as a fact as opposed to what appears to be an inflammatory and misleading statement (if not millions). As to deletion of the word "unwarranted," there are no unwarranted markups known on any FBI purchases.

ENCLOSURE

62-116464-281

Page 92

Lines 1 through 4

"The FBI, for example, had neglected to include such clear intelligence functions as the National Bomb Data Center, or Counterintelligence.¹⁵⁶"

The quoted sentence should be stricken from the record as it is simply incorrect. As mentioned in footnote number 156 quoting the testimony of Assistant Director Eugene W. Walsh, Administrative Division, FBI, data collected under National Bomb Data Center does not constitute "intelligence." As to the FBI's neglecting to include counterintelligence information in data furnished Office of Management and Budget, this is simply incorrect. Such data was furnished to Office of Management and Budget upon their request by the Office of Management and Finance, U. S. Department of Justice, and upon request this information was also furnished directly to the Committee staff. In fact the letter quoted in footnote number 155 from Mr. Ogilvie of the Office of Management and Budget dated November 12, 1975, quotes the data relating to counterintelligence for the FBI. These figures are \$87,119,000 and 3383 in personnel. It is noted there is an apparent typographical error in the figures quoted in Mr. Ogilvie's letter where personnel is shown as 3385.

Page 95

Lines 3 through 5

"The FBI testified, for example, that it does not know if CIA has a counterintelligence group, that it does not know how much CIA's operations cost, and that it does not know if CIA duplicates FBI's work. 160"

This sentence should be stricken from the record as it is not supported by footnote number 160. The footnote quotes Mr. Field as asking Assistant Director Eugene W. Walsh, Administrative Division, FBI, the following question:

"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, told them to 'get their act together'?"

Mr. Walsh's response is, "I have no knowledge on that, no sir."

Assistant Director Walsh's testimony, which was given in his capacity as the FBI official in charge of the FBI budget, certainly cannot be used to support the sentence quoted above. Mr. Walsh's testimony was that he had no knowledge of the matters quoted in the footnote as stated by Mr. Field. The Assistant Director of the FBI's Intelligence Division and other Bureau officials charged with responsibility for the FBI's counterintelligence operations have an awareness, through their liaison with CIA, as to its counterintelligence group and the close coordination between the two agencies designed to eliminate duplication of efforts. It is submitted that Assistant Director Walsh's testimony cannot properly be used to support the quoted sentence.

HOUSE SELECT COMMITTEE ON INTELLIGENCE DRAFT REPORT

Page 129, lines 6 - 9

"A Committee staff accountant did a detailed study and determined that the 30 percent mark-up on the invoice seen by Mr. Kaiser was representative of all such sales."

Proposed Revision

A Committee staff accountant did a detailed study and determined that the 30 percent markup on the invoice seen by Mr. Kaiser was not representative of all such sales.

Reason for Change

It appears the word "not" was omitted from the above sentence.

A detailed study of FBI purchases of equipment from Martin L. Kaiser, Inc., made through U. S. Recording Company, shows there were total purchases between 4/5/69 and 4/7/72 totaling \$101,394.70. Markup on these total purchases averaged 14.03%. Included in these purchases were three individual purchases totaling \$2,106, which show a markup of 30%.

Copies of FBI purchases from Martin L. Kaiser, Inc., through U. S. Recording Company, were furnished to Committee investigators and a detailed study of these invoices by the Committee staff accountant could not possibly have shown that a 30% markup on the invoice seen by Mr. Kaiser was representative of all such sales, since there were only 3 invoices totaling \$2,106 with a 30% markup, whereas total purchases amounted to \$101,394.70.

HOUSE SELECT COMMITTEE ON INTELLIGENCE DRAFT REPORT

Page 131, lines 9-11

"Interviews revealed that there was virtually no control exercised over the confidential contracts between U. S. Recording to the FBI."

Proposed Revision

Interviews revealed that FBI Laboratory personnel furnished estimated cost of purchases from U. S. Recording to the Administrative Division based on available industry sources, manufacturers' listed prices, and knowledge of the particular area. The Administrative Division relied upon the judgment of Laboratory experts who were aware of the going price for specific items and the reasonableness of the estimated cost.

Reason for the Change

To clearly portray the procedures utilized in our confidential purchases from U. S. Recording as indicated to Committee investigators during their interviews with Eugene W. Walsh, Assistant Director, Administrative Division, and Jay Cochran, Jr., Assistant Director, Laboratory Division. The statement that the FBI exercises virtually no control over our confidential contracts with U. S. Recording is not factual.

HOUSE SELECT COMMITTEE ON INTELLIGENCE DRAFT REPORT

Page 131, lines 12-15

"Neither the Laboratory Division, which initiated the equipment requisitions, nor the Administrative Division, which authorized the requisitions, had any knowledge of the percentage markup being charged."

Proposed Revision

The following should be added:

It is not standard business practice or a practice of the FBI to contact suppliers to determine their percentage of markup.

Reason for the Change

To show that it is not standard business practice or a practice of the FBI to contact suppliers to determine their percentage of markup.

HOUSE SELECT COMMITTEE ON INTELLIGENCE DRAFT REPORT

Page 132, reference No. 240, paragraph 1

"Interview with Mick Callahan, Associate Director of the FBI . . ."

Proposed Revision

Mr. Callahan's name should be corrected to read Mr. Nicholas P.
Callahan.

Reason for Change

To set forth correct and full name of Mr. Nicholas P. Callahan,
Associate Director of the FBI.

HOUSE SELECT COMMITTEE ON INTELLIGENCE DRAFT REPORT

Page 132, lines 16-23

"McMichael stated that pricing would probably never be checked for fairness by his buyers on a confidential contract. He felt the Laboratory Division was responsible for pricing of confidential contracts. Interview with Mr. G. Speights McMichael, Chief of Procurement Section, by J. B. F. Oliphant and R. Vermeire, Dec. 9, 1975, copy on file with Sel. Comm. on Intell."

Proposed Revision

McMichael stated that pricing was done by U. S. Recording and that he relied on the estimates given to him by knowledgeable Laboratory personnel and contact with U. S. Recording for its lowest price. He said the FBI Laboratory was furnished a copy of each purchase order for review and had nothing to do with pricing. The fairness of the price was a judgment call on the part of Laboratory personnel who were familiar with what industry was charging for a particular item. Interview with Mr. G. Speights McMichael, Chief of Procurement Section, by J. B. F. Oliphant, Dec. 9, 1975, copy on file with Sel. Comm. on Intell.

Reason for the Change

To clearly indicate that the FBI Laboratory did not do the pricing on purchases from U. S. Recording, and to show that the estimates and fairness of price were based on the judgment of knowledgeable FBI Laboratory personnel. In addition, Mr. R. Vermeire was not present during the interview of McMichael on 12/9/75 as indicated.

HOUSE SELECT COMMITTEE ON INTELLIGENCE DRAFT REPORT

Page 133, lines 13-14

"FBI's use of U. S. Recording represents a grossly inefficient expenditure for intelligence equipment."

Reason for Revision

This is a self-serving statement and should be deleted. We take strong exception that our use of U. S. Recording represents a grossly inefficient expenditure for intelligence equipment, and there are no facts to back up such a statement. Such a statement clearly indicates a lack of knowledge of intelligence operations on the part of Committee investigators.

HOUSE SELECT COMMITTEE ON INTELLIGENCE DRAFT REPORT

Page 133, lines 15-18

"Similarly, the fact that the persons within the FBI responsible for requisitioning and purchasing the equipment had no clear knowledge of the chain of authority regarding the arrangement, is at best, non-feasance."

Proposed Revision

Some individuals within the FBI responsible for requisitioning and purchasing the equipment had no clear knowledge of the chain of authority regarding the arrangement.

Reason for the Change

The highest officials in the responsible FBI Divisions who are responsible for requisitioning and purchasing the equipment did have a clear knowledge of the chain of authority regarding the arrangement. It is true that not everyone responsible for requisitioning and purchasing was aware of the arrangement, but it would be unfair to even imply that this constituted nonfeasance.

Page 208, lines 1 through 6, reads: In 1968, FBI developed information that some individuals in the Institute for Policy Studies (IPS) might be in contact with fugitives associated with Students for a Democratic Society (SDS). Ostensibly to develop leads regarding the fugitives, FBI opened an investigation on the Institute...

Proposed Revision: An investigation of IPS was initiated on June 20, 1968, by the Washington Field Office of the FBI based upon information set forth in a communication dated June 19, 1968, from the New York Office of the FBI. This communication, captioned "Students for a Democratic Society (SDS)," contained information from a source who had furnished reliable information in the past that on May 27, 1968, Arthur I. Waskow of IPS, Washington, D. C., had contacted Jeff Jones of the New York Regional Office of SDS. Waskow reportedly advised Jones that his name had been included among 50 young, intelligent, leftist militants recommended to attend a three-day meeting of the Foreign Policy Association (FPA) at the New York Hilton Hotel, New York City, on May 27-29, 1968. The source expected members of SDS to attend and possibly attempt to dominate the meetings. The investigation of IPS was initiated to determine its association with SDS and what, if any, influence the New Left, of which SDS was an integral part, had on the FPA.

Reason for Revision: The FBI did not open an investigation on IPS in 1968 to develop leads regarding the whereabouts of Weatherman fugitives. The Weatherman faction of SDS did not come into existence until mid-1969. Subsequent to that, the Weatherman was involved in criminal acts for which they fled in order to avoid prosecution and did not become Federal fugitives until early 1970. Therefore, to say we opened our investigation of IPS to locate fugitives, is incorrect, and the correct reason appears in the proposed revision above.

Page 209, footnote 373 paragraph one reads: "Source," in Bureau parlance, may include confidential informants, documents, public records, agent interviews, even newspaper stories -- ie., anything or anybody with information on the subject.

Proposed Change: "Sources," in Bureau parlance, generally include paid and unpaid informants or individuals who furnish information to the FBI and who request or imply that their identities be concealed. In many instances, during the course of FBI investigations, individuals furnish information from records and documents and when furnishing this type of information, request or imply that they not be identified as the source of this information.

Reason for Change: The definition of Bureau "sources," as defined in this report, indicates that the FBI follows a policy of literally concealing all information which is developed by this Bureau. This aspect is inaccurate, inasmuch as the FBI has specific reporting guidelines relative to the concealment of information developed. Furthermore, documents, public records and newspaper stories are identified in Bureau communications as being the source of the information set forth in that communication.

Page 210, paragraph 2, lines 5-7, reads: It is important to remember that the whole probe began with an investigation of alleged contacts between one IPS staffer and an SDS member.

Proposed Change: It is important to remember that the whole probe began with an investigation of alleged contacts between one IPS staffer and an SDS leader.

Reason for Change: The basis for the FBI investigation of IPS is greatly enhanced when it is accurately reported that the FBI's basis for investigation of IPS was based upon the fact that an IPS staffer contacted an SDS leader and not a mere SDS member.

It should be noted that the SDS leader contacted in this specific instance, subsequently became a Weatherman fugitive and has been identified as one of the primary leaders of the Weather Underground.

Page 211, footnote 380, reads as follows:

"Institute for Policy Studies (IPS) is Dash RA. On August two three last, Special Agent Robert W. Feuer observed a private trash truck picking up trash from IPS. The truck proceeded to a burning dump, where the trash was abandoned. SA Feuer obtained the IPS trash, and information obtained from this source is being assigned symbol number, WF four eight six eight Dash S." Nitel cable to Acting Director, FBI from SAC, WFO, August 8, 1972.

Proposed Revision: FBI nitel (teletype) to Acting Director, FBI, from Washington Field Office, dated August 29, 1972, captioned "Institute for Policy Studies, IS-RA," set forth information that on August 23, 1972, a Special Agent of the FBI observed a private trash truck picking up trash from IPS. The truck proceeded to a burning dump, where the trash was abandoned. The Special Agent obtained the trash, and information obtained from this source is being assigned a symbol number.

Reason for Revision: On November 14, 1975, the HSC was furnished an excised copy of an FBI nitel dated August 29, 1972, not August 8, 1972, addressed to the Acting Director, from Washington Field Office, captioned "Institute for Policy Studies (IPS), IS Dash RA." The symbol number was excised from the document furnished to the HSC, however, has been inserted by the HSC in the above footnote. The FBI objects to the public release of this symbol number on the grounds that it is an administrative procedure and could possibly do harm to our existing informant program. The FBI further objects to the public release of the Special Agent's identity on the grounds of privacy and to preclude him from being subjected to public ridicule.

Page 212, paragraph 1, sentences 2 and 3 read as follows: "The trash revealed no information related to criminal investigation. However, a used typewriter ribbon was found. Even though there were no signs of crimes, and despite the fact that IPS itself was not suspected of crimes, FBI devoted time and money to the expensive process of reconstructing the document that had been typed by the ribbon."

Page 212, paragraph 2 reads as follows: "The yield was almost entirely intimate sexual gossip."

Footnotes 382 and 383 refer to FBI Washington Field Office (WFO) report, October 19, 1972.

Proposed Revision: A number of one-time, carbon, typewriter ribbons were retrieved from the trash of IPS on one occasion only. Some of the information from these ribbons dealt with an individual's sex life. Although this information was recorded, it was not disseminated outside the FBI.

It is difficult to comment further on the above-referred-to statements found in the HSC report, since the reference appearing in the footnotes does not exist according to FBI records. A review of the material turned over to the HSC staff on November 14, 1975 relating to IPS reveals there is no report from WFO dated October 19, 1972. A further review of the records at FBI Headquarters reveals there is no report, letterhead memorandum or other document dated October 19, 1972, that was turned over to the HSC staff. There are memoranda on file at the WFO dated October 19, 1972, dealing with this one-time trash cover, however, none of these documents were turned over to the HSC staff, however, it is believed some of these documents were turned over to the attorneys for IPS in the current lawsuit.

Proposed Revision, Part II: Although insufficient evidence had been gathered to date to prove the existence of a criminal act on the part of IPS, they were being investigated to determine if their activities were in violation of Federal statutes.

Page 213, Par. 1, third sentence reads, "Only then, after five years and no evidence of possible law-breaking or even questionable associations, did the investigation become inactive."

Proposed Revision:

After five years of investigation, no IPS members were convicted for violation of Federal law.

Reasons for Revision:

Although the FBI was unable to prove a Federal violation on the part of IPS, there was a basis in fact for investigating this organization, not the least of which were possible violations of Title 18, U.S. Code, 2383 (Rebellion or Insurrection), 2384 (Seditious Conspiracy), 2385 (Advocating Overthrow of the Government) and 2101 (Antiriot Law). Furthermore, there were some questionable associations between IPS and other individuals who were being investigated by the FBI, including members of the Weatherman faction of SDS, who are currently members of the Weatherman Underground Organization.

The investigation of IPS was, therefore, for the purpose of keeping the U.S. Government apprised of the activities of this organization and its members to determine if there was a violation of U.S. laws.

Page 214, lines 15-18, contains the following statement: "However, the FBI has been unable to prove any illegal or questionable relationship between the SWP and the Fourth International."

Proposed Revision:

The relationship between the SWP and the Fourth International was shown in criminal proceedings against several SWP members in 1941 and is at issue in a pending civil lawsuit which the SWP filed against the Attorney General, the FBI, and other Government agencies and officials.

Reasons for Revision:

In Dunne v. United States, 138 F 2d 137 (1943), the Eighth Circuit Court of Appeals considered the relationship between the SWP and the Fourth International and the SWP's claim that it had dissolved their allegiance with the Fourth International. The court concluded, "Even as to the Voorhis Act, this action was merely a subterfuge and smoke screen." Another quote from Dunne v. U.S. seems particularly appropriate when considering the SWP's denial of membership in an international organization while also following Trotsky's teaching that communism cannot be established with lasting success as an isolated phenomenon in one country alone. The court said,

"When they use words which may or may not mean the forbidden thing, they intend just one thing and that is to squirm through the statute leaving a haze which they hope will make it impossible or difficult to find any fracture by their passage."

(E)
The Fourth International continues to be the worldwide Trotskyist revolutionary organization and is presently headquartered in Brussels, Belgium. Although claiming to have withdrawn from formal affiliation in 1940, the SWP continues to maintain a close association with the FI and participates and votes as a "sympathizing group" in FI meetings.

Evidentiary material in FBI files sets out the current position of the SWP. Included in this material are official SWP documents such as "The Decline of American Capitalism; Prospects for a Socialist Revolution" which was approved by the 26th National Convention of the SWP and appeared in a special issue dated November 7, 1975, of the "International Socialist Review," monthly supplement of "The Militant," the SWP newspaper. It contains the following:

"The Marxist model for constructing a revolutionary program in the imperialist epoch is the founding document of the Fourth International, the world party of socialist revolution, founded by Leon Trotsky in 1938."

"The Socialist Workers Party is internationalist to its core. Not only are world developments shaping the coming struggles at home, but the American workers' enemies are the exploiters on a world scale. The perspective of the Communist Manifesto--'Workers of the world, unite'-- remains our fundamental goal. While reactionary legislation precludes formal affiliation to the Fourth International, the Socialist Workers Party, since its founding has been an integral political component of the world party of socialist revolution."

During testimony given to the Select Committee on Intelligence on November 18, 1975, Mr. W. R. Wannall was in the process of quoting from the above document to the Committee when he was interrupted and another line of questioning was pursued.

In July of 1973, the SWP and the YSA and 15 individual plaintiffs filed a massive civil suit alleging that the defendants, numerous governmental officers, including the Director of the FBI, have denied them constitutional rights as a political party. They seek over \$27 million in damages and broad injunctive relief that would prohibit the FBI from any effective investigation of them. This suit is still in the discovery stage and the Government has been required under court order to turn over numerous documents to the SWP and the YSA. The Government has not made any of these documents public but the SWP and YSA have released selected documents to the media which has resulted in wide exposure. The main issue in this case is whether the Government has the right to investigate these groups and what investigative techniques the Government may use. The relationship between the SWP and the Fourth International is also at issue in the lawsuit.

In 1974, the YSA, as part of the same lawsuit, sought to prohibit the FBI from sending informants to its National Convention, its highest ranking body where its major policy decisions are made. The lower court granted an injunction but the Appellate Court reversed the lower court and Justice Marshall affirmed the Appellate Court, allowing the FBI to continue its use of informants until this lawsuit is finally resolved. As the Court of Appeals stated in this case, "The FBI has a right, indeed a duty, to keep itself informed with respect to the possible commission of crime; it is not obliged to wear blinders until it may be too late for prevention." (Socialist Workers Party, et. al. v. Attorney General of the United States of America, et. al.; 510 F 2nd 253 (1974).)

All of the above information has previously been made available to the Committee by the FBI.

Page 215, lines 1-3, contains the following statement: "FBI's failure to uncover even one questionable activity by this political party is not from lack of effort."

Proposed Revision:

The failure of the FBI to uncover questionable activity by this political party is not from lack of effort.

Reasons for Revision:

The relationship between the SWP and the Fourth International is a questionable activity. The use of the words "even one" is therefore inaccurate.

Page 215, lines 5-8, contain the following statement: "On November 5, 1975, FBI officials testified that the Fourth International itself was a body made up of isolated Marxist elements around the world."

Proposed Revision:

On November 5, 1975, FBI officials testified that the Fourth International itself was a body made up of Marxist elements in many countries of the world in close liaison with the movement in the United States.

Reasons for Revision:

A review of the testimony by Bureau officials on November 5, 1975, as cited in footnotes 389, 390, 395 and 396, indicates that the word "isolated" was not used to describe Marxist or Trotskyist elements around the world.

Supervisor David Ryan testified "There are Trotskyite elements in many countries of the world in close liaison with the movement in the United States" (page 64, lines 22-24 of the November 5, 1975, testimony). Section Chief Robert L. Shackelford testified "Participating Trotsky groups in the various countries support the Fourth International as a governing body of the Trotskyites" (page 65, lines 1-3).

The Fourth International was founded in 1938 at Paris, France, embodying the ideological position of Leon Trotsky of "continuing revolution" in the application of Marxism.

After Lenin's death in 1924, a struggle for power took place between Stalin and Trotsky. Stalin was convinced that communism in one country, Russia, was feasible and that it was more important to secure communism at home first before attempting worldwide revolution. Trotsky argued that communism could not be established with any lasting success as an isolated phenomenon in one country alone. Therefore, he reasoned that communists had to work for a world revolution. Thus one of the basic teachings of the Trotskyist movement is directly contrary to the formation of a group of isolated elements from around the world.

The inaccurate statement concerning the Fourth International is followed by a conclusion that "Significantly, these officials demonstrated no detailed knowledge about

the Fourth International." The interpretation which the committee gave to the testimony concerning the Fourth International demonstrates a lack of even the most basic knowledge of the Fourth International on the part of the committee.

All of the above information has previously been made available to the Committee by the FBI.

Page 215, lines 13-16, contains the following statement: "Equally as important, the FBI has found no evidence of a Federal violation committed by an SWP member, with the exception of several Smith Act violations in 1941."

Proposed Revision:

No SWP members have been convicted for violation of Federal law with the exception of several Smith Act violations in 1941.

Reasons for Revision:

Although it is correct to state that no SWP member has been convicted for violation of Federal law since 1941, it is not true that "the FBI has found no evidence of a Federal violation." (Emphasis added) Footnote 397 states, "The staff has been given access to thousands of pages of FBI investigative files regarding the SWP..." Those pages contain the evidence which is the basis for the investigation of the SWP. An obvious distinction exists between the amount and type of evidence required to justify investigation and required to prosecute or convict for violations of Federal law.

The Government currently investigates the SWP and some SWP members to determine the danger they pose to national security. There are various Federal laws upon which the Government bases its jurisdiction. These investigations are based on information that indicates this group, or individuals who are affiliated with it, is engaged in activities which may involve violations of Federal statutes including Title 18, U. S. Code, 2383 (Rebellion or Insurrection), 2384 (Seditious Conspiracy), 2385 (Advocating Overthrow of the Government), 2386 (Voorhis Act); or Title 50, U.S. Code, 781-798 (Internal Security Act of 1950).

The investigation of the SWP is, therefore, for the purpose of keeping the U. S. Government apprised of the activities of this organization and its members to determine if there is a violation of U. S. laws. All of the above information has previously been made available to the Committee by the FBI.

Page 216, lines 2-4, contains the following statement:
"The investigation, which FBI officials tacitly admit has been conducted largely under the aegis of an unprosecutable statute, ..."

Proposed Revision:

The investigation, which FBI officials tacitly admit has been conducted partially under the aegis of an unprosecutable statute,..."

Reasons for Revision:

Footnote 393 indicates that the staff relied upon a statement made by SA David Ryan concerning the Smith Act as its basis for the conclusion that "FBI officials tacitly admit" the investigation of the SWP has been "conducted largely under the aegis of an unprosecutable statute." The FBI has relied on the Smith Act as a basis for investigation of the SWP but it is only one of many bases for the investigation. The position of the FBI on this matter was furnished to the committee by memorandum dated November 25, 1975, entitled "U.S. House Select Committee on Intelligence Activities (HSC) Re: Federal Bureau of Investigation Basis for Investigation of the Socialist Workers Party and the Young Socialist Alliance."

The committee should not rely on what they consider to be tacit admissions when the written position of the FBI has been furnished to them.

Pages 218 and 219
Lines: Footnote #399

Report reads: One-fifth of all investigations initiated by the FBI during the last decade dealt with internal security matters. (Emphasis added).

Footnote reads: Overall, during fiscal years 1965 through 1975, security investigations averaged about 19 percent of all investigative matters initiated by the FBI. A further breakdown of the above-mentioned figure is classified because it includes counterespionage as well as internal security matters. (From a statement by Elmer Staats, Comptroller General of the United States). (Emphasis added).

Proposed revision: One-fifth of all investigations initiated by the FBI during the last decade dealt with security matters.

Reason for change: The deletion of "internal" makes the statement consistent with the footnote. Also it eliminates the misconception that the 19 percent was all domestic since the footnote indicates that internal security is something different from counter-espionage.

Page 310, footnote 528, paragraph 2, sentence 1, reads as follows: "We have trouble with definition of terms."

Proposed revision: This sentence should be deleted.

Explanation: The text of the above quotation indicates the FBI is having trouble with definition of terms. This is not correct. A review of the transcript discloses a preceding question by a Committee staff member which includes the comment, "...I know this sounds simplistic..." indicating a communications problem and the response by Mr. Wannall using the word "we" meant Mr. Wannall and the staff member, not the FBI.

Page 314
Lines 1 to 7

Report reads: COINTELPRO was a series of covert counterintelligence programs aimed at identifying, penetrating, and neutralizing subversive elements in the United States. Unfortunately, the program itself consisted of myriad clandestine dirty tricks carried out by FBI agents against persons and organizations considered subversive by the FBI.

Proposed revisions: Cointelpro was a series of covert Counterintelligence Programs aimed at disrupting, exposing and neutralizing subversive, extremist, revolutionary, and/or violence-prone elements in the United States. The programs involved a variety of actions targeted for the above purposes against organizations and individuals based upon information developed by the FBI indicating they were subversive, extremist, revolutionary, and/or violence-prone.

Reason for change: The Cointelpros were not targeted to identify or penetrate organizations and subversive elements, and this description is an error. The phrase "myriad clandestine dirty tricks" is also erroneous as the released Department report on "FBI Cointelpro Activities" dated November 18, 1974, indicates on page 11 in reference to Cointelpro actions, "The overwhelming bulk of these activities were clearly legitimate and proper undertakings within the scope of the FBI's ongoing responsibilities. . ." The programs were targeted in areas in addition to "subversive" and our characterizations of the groups were based upon facts developed by investigation.

Page 314

Line: Footnote #526

Report reads: The following are but a few examples of specific COINTELPRO programs, of which there were a total of 3,208 proposed and 1,388 carried out.

Proposed revision: The following are but a few examples of Cointelpro actions, of which there were a total of 3,247 proposed and 2,370 approved and implemented.

Reason for change: It is believed the House Select Committee intended to cite Counterintelligence Program actions and the use of the word "programs" is technically inaccurate. The figure 3,208 appeared in the original Petersen Report, a copy of which was made available to the House Select Committee, but this figure in a press release made by the Attorney General on November 18, 1974, was corrected to read 3,247. The figure 1,388 as utilized by the House Select Committee pertains to actions approved only in the program which targeted the Communist Party, USA. Actually in the five basic programs 2,370 actions were approved.

Page 316

Line: Footnote #528

Report reads: However, in the same interview, Mr. Ryan appeared to contradict Mr. Wannall: "Mr. Ryan. As Mr. Wannall suggested the overwhelming percentage of our investigations are not those which would develop prosecution. We are looking for evidence."

Proposed revision: In the same interview, Mr. Ryan upheld Mr. Wannall's contention in regard to statutory predication for FBI investigations: "Mr. Ryan. As Mr. Wannall suggested the overwhelming percentage of our investigations are not those which would develop prosecution. We are looking for evidence."

Reason for change: The House Select Committee's (HSC's) assertion that Ryan's statement is in apparent contradiction to prior statements by Mr. Wannall regarding statutory predication for our investigations is an erroneous distortion. Ryan's statement that "the overwhelming percentage of our investigations" would not lead to prosecution does not indicate the FBI gathers "domestic intelligence for the sake of intelligence" (text). It merely indicates a realistic recognition that, in spite of our search for evidence, existing statutes, policies and procedures are not such that prosecution is a viable end effect. The transcript of the interview also indicates, immediately prior to the exchange cited in the footnote, Ryan as stating "In every instance reports are furnished and a decision regarding prosecution is made by the Department." The evidence being sought is, of course, evidence of violation of the predicated statutes.

ROBERT HARDY

1. Page 321
2. Line 9
3. The text states "He instigated the burglary and supplied the would-be burglars with tools, money, technical assistance and encouragement."
4. The proposed revision: "He was aware of the planned criminal activity before he first contacted the FBI and supplied the would-be burglars with some of the tools, money, technical assistance and encouragement. A great deal of the equipment, money, technical assistance and encouragement was furnished by the others involved."

On June 24, 1971, Hardy first learned of the planned criminal activity concerning the Camden Draft Board and, on June 25, 1971, he advised the Bureau of the criminal activity which was the first notice the FBI had concerning the proposed actions of the Camden 28.

Complete details of the FBI-Hardy relationship have been furnished to the Committee and will substantiate the reason for proposed revision.

1 - Mr. A. A. Mintz
1 - Mr. W. R. Wannall
1 - Mr. W. O. Cregar
1 - Mr. S. J. Miller

The Attorney General

January 8, 1976

Director, FBI

U. S. HOUSE SELECT COMMITTEE
ON INTELLIGENCE ACTIVITIES (HSC)

Enclosed is the original of a memorandum concerning an interview of FBI Special Agent James W. Awe by an HSC Staff Member. Also enclosed is a copy of the memorandum for forwarding to Mr. James A. Wilderotter, Associate Counsel to the President.

Enclosures (2)

62-116464

1 - The Deputy Attorney General
Attention: Michael E. Shaheen, Jr.
Special Counsel for
Intelligence Coordination

1 - 67- (Personnel File SA James W. Awe)

SJM:1hb/1hb
(9)

5 JAN 30 1976

Assoc. Dir. _____
Dep. AD Adm. _____
Dep. AD Inv. _____
Asst. Dir.: _____
Admin. _____
Comp. Syst. _____
Ext. Affairs _____
Files & Com. _____
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Telephone Rm. _____

MAIL ROOM ☐ TELETYPE UNIT ☐

1 - Mr. J. A. Mintz
1 - Mr. W. R. Wannall
1 - Mr. W. O. Cregar
1 - Mr. S. J. Miller

62-116464

January 8, 1976

U. S. HOUSE SELECT COMMITTEE
ON INTELLIGENCE ACTIVITIES (HSC)

RE: INTERVIEW OF FBI SPECIAL AGENT (SA)
JAMES W. AWE BY AN HSC STAFF MEMBER

The following concerns an interview on
December 3, 1975, of FBI SA James W. Awe by an HSC Staff
Member.

SA Awe was interviewed in his office on
December 3, 1975, by HSC Staff Member Tina Yamamoto.
She was specifically interested in the nature of the
Intelligence Information Handling Committee (IHC) and
its relationship to the U. S. Intelligence Board (USIB),
the extent of FBI participation in this committee, the
value of the committee and whether it should be continued,
and in determining if there was any FBI objection to
the fact that CIA serves as chairman of the committee.

It was explained that IHC is one of many
committees of USIB. IHC has as its general mission the
promotion of effective interchange of intelligence infor-
mation among the members of the intelligence community
from a records management point of view. The Bureau's
participation in the activities of IHC has been limited
to the status of observer with the exception of an effort
by a subcommittee toward uniform application of procedures
in the National Agency Check Program. The committee has
been of value to the Bureau in that it allows the Bureau
to keep in touch with other records managers throughout
the intelligence community, thus providing ready access

1 - 67- (Personnel File SA James W. Awe)

SJM:lhb/lhb ORIGINAL AND ONE COPY TO AG

(8)

SEE NOTE PAGE 2

ENCLOSURE

MAIL ROOM ☐ TELETYPE UNIT ☐

62-116464-280

GPO : 1975 O - 569-020

HOUSE SELECT COMMITTEE ON INTELLIGENCE ACTIVITIES (HSC)

RE: INTERVIEW OF FBI SPECIAL AGENT (SA) JAMES W. AND BY HSC

to information regarding records problems, procedures, and status of records automation. It is especially important to maintain certain standards so there can be an effective interchange of information within the intelligence community, and this is particularly important as the various agencies enter into an automated environment with their records systems. Although the committee has had a limited number of meetings, the sharing of information regarding records problems, automation efforts and the efforts toward certain data standards has been and will continue to be important from cost effective point of view for all the members and should result in general economies for the entire Federal Government.

It was explained that the FBI has no objection to CIA's serving as chairman of the HSC committee, as the Director of the Central Intelligence Agency (CIA) also serves as the Director of Central Intelligence (DCI) for the intelligence community. For CIA to continue in this capacity would seem appropriate and the FBI would interpose no objection insofar as HSC committee activities are concerned.

NOTE:

The results of the interview were recorded in memorandum W. L. Bailey to Mr. McDermott, 12/12/75, captioned "Houstudy," prepared by JWA:evp.

TO: Intelligence Community Staff
ATTN: Central Index

FROM:

FBI

SUBJECT: Abstract of Information Provided to Select Committees

1. HOW PROVIDED (check appropriate term. If a document was made available for review but not transmitted, so note.)

2. DATE PROVIDED

DOCUMENT

BRIEFING

☒

INTERVIEW

TESTIMONY

OTHER

1/8/76

3. TO WHOM PROVIDED (check appropriate term; add specific names if appropriate)

SSC

The Attorney General with a copy for forwarding
to the White House

HSC

4. IDENTIFICATION (provide descriptive data for documents; give name or identification number of briefer, interviewee, testifier and subject)

Memorandum reporting the results of an interview by HSC Staff
Member of incumbent SA James W. Awe.

5. IN RESPONSE TO (list date and item number if in response to formal request, otherwise state verbal request of (name), initiative, subpoena, etc.)

NA

6. CLASSIFICATION OF
INFORMATION (enter
U, C, S, TS or
Codeword)

U

7. KEY WORDS (enter the appropriate key words from the list provided separately; if key words not listed are used underline for emphasis)

Information handling
Operating procedures

8. SUMMARY (see reverse side before completing this item)

Interviewed regarding the nature of the Intelligence Information
Handling Committee and its relationship to the U.S. Intelligence
Board and the extent of FBI participation in this committee, the
value of the committee and whether it should be continued.

62-116464

FMK:fmk

(4)

ORIGINAL VIA LIAISON TO CENTRAL COMMUNITY INDEX
IN CONNECTION WITH HOUSTUDY

TREAT AS YELLOW

S. J. J.

274-10042

INSTRUCTIONS

- Type or print clearly in ink.
- Indicate classification of the abstract top and bottom.
- Date the abstract and put on any internal control numbers required.
- "FROM" entry should clearly identify the organization providing the information.
- If additions (as when a copy of document sent to SSC is later sent to HSC) or changes to a previously submitted form are necessary, submit a copy of the original abstract, with the change indicated.

SPECIFIC ITEM NO. 8. SUMMARY - enter brief narrative statement describing substance of information and showing relationship to Intelligence Community matters if appropriate. Any feedback or evidence of investigatory interests should be noted. Commitments made to supply additional information should be noted. Additionally, certain administrative information may be entered here, e.g., restrictions on review of a document, if document was paraphrased, whether interviewee is current or former employee, etc. If actual document or transcript is provided, that fact should be noted and no summary is required. Additional pages may be attached if necessary.