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9 August 1985

FOR COORDINATION WITH DoJ/OSI

MEMORANDUM FOR THE RECORD

SUBJECT: Potential Impact of GAO Investigation on QRDYNAMICS

1. On 2 August 1985, a meeting was held in the IMS office at Headquarters between Agency representatives and Mr. John Tipton, U.S. General Administration Office (GAO), the congressional investigation agency. The Agency was represented by Messrs. [] and [] from PPS/SEO; [] and [] from IMS/FPL. The purpose of the meeting was to discuss the results of the GAO investigation of alleged Nazi and Axis collaborators, some of whom were reportedly assisted by U.S. intelligence agencies in settling in the United States. Specifically, the subject of Agency concern is the case described in the GAO report dealing with the founder and former head of QRDYNAMIC, Mykola LEBED. Based on subsequent review of Mr. LEBED's 201 file by [], it would appear that he was erroneously placed in the category of alleged Nazi collaborators by GAO investigators based on allegations from sources of questionable reliability or actions committed by Mr. LEBED as a Ukrainian freedom fighter before the war. (For discussion of this case, see draft memorandum from C/PPS to DDO.)

2. [] explained briefly the purpose of the meeting and the nature of Agency concern, which was essentially as follows: The fact that the report is in the public domain, there is the possibility of public identification of Mr. LEBED by name with Subject D in the report and his previous as well as current relationship to the QRDYNAMIC operation. Attendant publicity would strain the credibility of the organization, and it can be assumed that investigative reporters would probe into the contacts and sources of support and Agency connections. At the same time, it can be expected that the Soviet Union would use its active measures capability to destroy the effectiveness of the organization, which has been a target of Soviet intelligence service attacks since QRDYNAMIC's inception in 1949. [] went on to explain that his office learned of the investigation and the existence of the report from the media, where it was reported.

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the day after the issuance of the report. The draft report apparently was not coordinated with DO staff elements. Had it been so coordinated, [] said, we would have caught the inclusion of Mr. LEBED in the report and brought to the attention of senior agency officials and GAO investigators the potential impact of this action on Agency equities. The main purpose of this meeting, therefore, was to see what can be done now to minimize the serious damage this development could have on Agency major instrumentality. Specifically, the following points need to be addressed:

a. What records maintained by the USG agencies were examined by the GAO investigators in addition to those kept by the Agency, and was there any derogatory information of which we are not aware?

b. Can the public record (in the GAO report) be corrected and this correction made public to disassociate Mr. LEBED from the category of Nazi and Axis collaborators?

c. What can be or should be done with respect to the proposed hearings by Congressman Rodino, Chairman of the House Committee on the Judiciary?

d. What other steps need to be taken to protect Agency equities and possibly amend the harm done to Mr. LEBED's personal standing in the community?

3. Mr. Tipton stated that he was generally aware of the purpose of the meeting and sympathized fully with Agency concerns. He made the following key observations:

a. The GAO team examined files maintained by INS, FBI, and CIA. Findings in the GAO report are based primarily on Agency files, since files of other agencies did not contain any additional information of significance on Mr. LEBED. When [] noted that all allegations in Agency files were based on sources of questionable credibility and were answered or explained by Agency staffers in several key documents, Mr. Tipton stated that the allegations were taken on their face value and especially since Mr. LEBED was the subject of a similar investigation soon after his arrival in the United States without fully resolving questions concerning his background. Mr. Tipton opined that it would not serve any purpose, in fact, it may even compound the problem at hand if we were to try to correct the public record as presented in the GAO report, for it would only attract undue attention to this matter by friend and foe alike.

b. Mr. Tipton said he is aware of the possibility of congressional committee hearings on the cases surfaced in the GAO report (including Mr. LEBED's) and has argued against

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it with Rep. Rodino's staff. Mr. Tipton stated that he does not see what a congressional hearing may accomplish but we should be aware that there are "forces" in the wings which press for such hearings. Besides, as [] noted, next year is a congressional election year. If and when it becomes established that a hearing is definitely being planned, the Agency should bring its concerns to the attention of Congressman Rodino and his staff.

c. Mr. Tipton went on to state that it is his understanding that the Justice Department's Office of Special Investigation (OSI) has initiated its own investigation into Mr. LEBED's case. If this investigation uncovers serious violations of U.S. laws by Mr. LEBED's entry into the U.S., this could serve as a basis for initiating deportation procedures by the INS against Mr. LEBED. In this connection, [] suggested, and Mr. Tipton agreed, that OSI investigators must be made aware of Agency concerns for its equities in this case, but that we should approach OSI diplomatically and cautiously.

4. After this informal exchange of views, all present agreed to the following game plan:

a. Mr. Tipton consented to review once again, together with Agency representatives, the files on Mr. LEBED held by the Agency and other USG agencies, as appropriate, to determine definitively the severity of allegations and whether his inclusion in the GAO report was fully justified. Mr. Tipton promised to get in touch with [] o/a 13 August to arrange for this review.

b. As a first step in approaching OSI on this case, we should obtain the views of [], formerly with OSI, and now with OGC/CIA.

c. As for Congressman Rodino's planned hearings, we should await a more definite word on whether and when these hearings would take place, if at all.

[]
PPS/SEO/SIB

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