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2 January 1975

MEMORANDUM FOR:

 Deputy Director for Intelligence Deputy Director for Operations Deputy Director for Science and Technology
Deputy to the DCI for National Intelligence Officers Deputy to the DCI for the Intelligence Community General Counsel Legislative Counsel Inspector General

SUBJECT

: DCI Briefing Concerning Domestic Activities

Attached for your information and retention is a copy of the transcript of the DCI presentation in the auditorium on 30 December 1974, concerning the allegations that the Agency has been involved in domestic activities. Although the report is stamped "Administrative - Internal Use Only", you may wish to exercise some reasonable precaution in the handling of this material until and unless the Director authorizes further dissemination.

STAT Executive Officer Deputy Director for Administration

Attachment Transcript

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DCI SPEECH - 30 December 1974

DCI: Well I'm sorry, for a variety of reasons, to disrupt your morning. Mostly I'm sorry for the amount of hullabaloo that we're in for again I see. The Agency has had this kind of problem before, as many of you will remember, from the Bay of Pigs to the <u>Ramparts</u> case and, most recently, Chile and now another.

What I thought I would do today is give you a rough outline of where we stand, of where I think we're going to go and answer various specific questions that I know you have in your minds, and then be prepared to answer any others that I can.

Where we stand. We obviously were accused in the <u>New York Times</u> of conducting a massive domestic intelligence operation. That's not so. And I indicated that that's an inaccurate characterization of what this Agency has been doing. What the Agency has done pursuant to its law, which says that it shall not have any law enforcement, police, subpoena powers or internal security functions, has been to work on foreign intelligence and foreign counterintelligence. Now, in the course of that, there were a few things where we probably stepped a little over the edge. For example, in following a foreign intelligence or foreign counterintelligence case, we quite naturally

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run across the names of Americans sometimes. If those deal with internal security we pass those to the FBI. Now there's nothing wrong with that. It fits within our Charter. All of us have taken an oath to support and and defend the Constitution of the United States against all enemies, foreign and domestic. We are obliged under our law to conduct foreign intelligence and so include foreign counterintelligence activities, and we are entitled to help our country to defend itself against foreign and domestic enemies.

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Now where we may have slipped over the edge, in a few cases, is in setting up an operation. We sometimes would put somebody into a radical movement here as a way of developing their credentials for work abroad. Again, no problems. That's just part of the foreign intelligence operation. But in the course of working into that group and developing those credentials sometimes they reported material while they were in that operation. Now that, if it were substantial we would pass it onto the FBI. We would probably make a record of it, and in that way we built up a file of names of Americans and some knowledge of American activities. But the activity was not aimed at the domestic groups. The activity was aimed at preparing somebody to go abroad to work in the things that

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are quite proper in our Charter.

There is another area, however. If you look into both the article and the history of this Agency, you will all remember last year when Director Schlesinger sent out a memorandum which said that he knew that there were some questionable activities in the Agency's past history, and he wanted reports of those accumulated. We did accumulate anything that people thought were questionable, and in the course of that we built up a little collection. I went and briefed the Chairmen of the House and the Senate Armed Services Committees on those activities. And you'll also recall that in the succeeding months, we sent out a memorandum to the different Deputy Directorates and specifically referred to each of those cases that was brought up in that exercise. And, we made it very clear as to the proper limits of that activity and the things that we would not do that would be improper.

Now, I think that, in other words, that exercise, both of briefing the Chairmen and of sending out the Directives, has essentially put the Agency in a position where I can say with good conscience that I don't know of any improper activity going on now, and I don't think there is any improper activity going on now.

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As to the past. As to the past, there were a few things running back as far as 1950, the early '50s, and you have to realize, and I think most Americans, sensible Americans, realize that we're talking about a different atmosphere and a different political climate and a different feeling of what this Agency was for and what it was about, and that at that time, in those succeeding years between then and this post-Vietnam, post-Watergate atmosphere, there have been a lot of changes in basic attitudes and climate. And some of the things that really looked reasonable at that time don't look reasonable now. We've found a few of those, we found a few things where if you take the statute which says that the Director is responsible for the protection of intelligence sources and methods, some of our security activities, some of our protection of our sources and methods and protection of the Agency, certainly went over the edge of what we should have been doing. There are a few cases of that, and I have reported those to the President and they were reported to the Chairmen of the two Committees a year or so ago. So these I have referred to in various situations as skeletons in the family closet which, hopefully, should remain there. Obviously they didn't.

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What happened, I think, was that Mr. Hersh talked to various ex-employees, and he got an edge on the first program, the counterintelligence program, and then he got a few hints of some of the other activities that had been brought together last year. It's my estimate that he probably got those hints from people who contributed to that collection rather than from having seen the collection itself or gotten it from anyone who had access to the collection itself. And this is a normal journalistic practice. It's obviously part of the muckraking or exposure school of journalism. But once, with a little hint or two, any reasonably intelligent reporter can get enormous additional amounts of information by going to people who in perfectly good faith are horrified by the allegation and then proceed to try to clarify the real facts and the real justification for that reporter. And if you do that to enough people, you can collect the whole story without too much trouble.

And in this case what Mr. Hersh did, I am convinced-and, frankly, I told him so -- he put two or three totally disconnected elements together to make his story. He put the fact of the counterintelligence program and the fact

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that it was aimed at foreign links to American dissidents and he took some of the individual wrong things that CIA did in the past, added them together and created a massive domestic intelligence activity.

I'm reminded a little bit of Macy's parade where you take a thin film of fact, fill it with hot air, and create an illusion that captures the gaze of the entire population. I think in a way we are facing that problem and, as you know, we have in the past faced somewhat similar problems.

Now those are essentially the facts of the case. I'm not going to go into detail here. I did go into detail with the President. And, I want to leave with the President, as I think is proper, the decision as to what to do for the next step. I think he will be back here, as you've seen in the papers, this week and will probably have a session, and then he'll announce just exactly what he's going to do with this report and what he's going to do as further steps.

But I think that I want to reassure those of you who may have suspected that our counterintelligence activity was <u>indeed</u> a massive domestic intelligence activity, that

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it wasn't, that it was within the proper Charter of the Agency, that there were some individual errors made in it and wrong things done in it, that separately the Agency in the last 25 years has done a few wrong things but they weren't connected with that domestic intelligence activity, and that they were very exceptional to the basic thrust of the Agency's activity. And they were, I think, the kind of thing that can be expected if you run a large institution for 25 years, be that institution a Government agency, a corporation, an academic institution or maybe even a publication affair. You will have some things that are done wrong in that size an operation over that many years.

Now, unfortunately, we are in this post-Vietnam and post-Watergate mentality and with the strong stress on morality and a little bit of revisionist history and all this, and so we are going to take a few brickbats and a few pies in the face over things that were done at previous times. This we are a little bit used to, as we have done it before and I wouldn't be surprised in the future if certain things change, certain atmospheres change, that some of the things that we do now will either be thought of as too much or too little in later years.

So that is part of the post audit way in which we run a lot of our democratic surveillance of our Government in this society and I think that we have to expect it.

Now, let me go to a couple of the other things. The first is the question of are we purging the CI Staff, are we going through a massive clean-up campaign, and so forth. The answer is no. As I think I've indicated, I'm reasonably confident that with some small edges of the problem that their functions were proper and that there is <u>no</u> question of any massive illegal activity in that.

Mr. Angleton -- I did meet Mr. Angleton before this article appeared -- I have not seen him since then -- and at that time I did inform him that I thought it was time for some successor leadership to take over those functions. I did not ask him to retire or resign, but I pointed out the very substantial financial benefits that you're all aware of for people who do retire. But I assured him that if he elected not to, that I would find another job for him, and I outlined what I thought it was, so that I left the option up to him to stay in the Agency and do something different, not do what he's been doing, but to go ahead and either to retire or not to retire as he chose.

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On the other three gentlemen mentioned in this morning's paper, they were not asked to resign or retire. They were told that they would not succeed as the Chief of the CI Staff, and I think that led them to make the same decision to retire under the benefits of the Retirement Legislation that they face. So I don't think they were pushed out. They were not given the succession -that was going to go somewhere else -- but they were told that the leadership of the CI Staff was going to change and if they remained after the change, why that was a matter of their choice. But I stress -- and I do want to stress this for their benefit -- they were not being purged for any wrongdoing; this is not any clean-up campaign aimed It's been my feeling for a number of months -- and at them. I have discussed this with various people over the past number of months -- that some change in the organizational structure and the management of CI Staff was appropriate, and, unfortunately, it all came to a head here at the same But I won't say that it's totally disconnected time. with all this, because I don't think anybody would believe me if I did, whether it was true or not. But the fact is that this has coincided, certainly, with

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this development but that it does not represent any indication of illegal activity, improper activity, or any effort to cleanup some terrible place in the Agency.

Now I'd like to mention the question of illegal activities. I indicated that some of the things that we found by dredging through the Agency's skeletons were technically illegal. Now there are two levels of this. There are some things that are proper, but they're not within the Charter of this Agency to do, and in that sense they're actions which we are not authorized to do but they are not things that are a crime. Those things I think we've cleaned up. There are really a very few things which technically, in a technical sense, might be carried as an actual violation of some criminal statute of the United States. Now I do not propose, I do not believe that there are any of these which are the subject of real prosecution and of conviction of the people involved, because there was too much of an atmosphere in which this was reasonable; there is too much of a command structure involved. You could not prove intent, I don't think, the criminal intent necessary for an actual conviction.

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However, that is my opinion. I have certain obligations under a very clear statute, and so do you, that if any Government employee knows of an actual crime and does not take proper steps to point it out to the Department of Justice, then he in turn commits a crime.

Now, as I say, I don't think these are actually that certain. But on the other hand, I do not believe that this Agency by itself has the right to suppress any such activity. Now there was over the 25 years of our history a legal opinion by which we did have - do have the right to refuse to go to prosecution if intelligence sources and methods would thereby be revealed. And there have been a number of cases over the years in which crimes have been committed, which we have said no we will not we cannot reveal these intelligence sources and methods, and thus the prosecution has failed to take place. Now that's fine, and that's the position I would take in any one of those cases. But I do think that I do not have the right unilaterally to make that decision with respect to anything done by the Agency and by the Agency command structure, or we get into a situation in which the Agency controls itself and is subject to no outside control; and

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I think that is <u>not</u> within the spirit of our law and our Constitution. And therefore I am -- I have talked with the Acting Attorney General. I've told him my opinions that there's nothing that serious here. But I'm going to talk with him and give him the specifics and I think he'll agree with me on the answers. But that makes it that it is not this Agency alone that's determining the propriety or impropriety of its activities.

I might add that the fact that these were gathered together and briefed to our Congressional Committees a year and a half ago suggests that maybe they didn't think they were subject to prosecution either.

Well those are, I think, the main points I'd like to make for you today. We are going to have a tough time. I don't know whether there's going to be a public panel put together, a blue ribbon panel of some sort. I do know that something like eight Congressional Committees have already indicated their intention to investigate us, and I think that the month of January, on my part, will largely be spent on the Hill. But I think that we may actually, in a kind of a funny way, come out a little bit ahead on this overall experience, because it will become quite clear, I think, that this is a grossly exaggerated set of allegations

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against our Agency and it raises the question as to how and consequently whether we can conduct an intelligence service in this country. When it gets down to that kind of a question, I think the Congress, as it has in its votes to date, and the Executive and the people will agree that we need an intelligence service and that that existence requires certain groundrules for its supervision but also a protection of the secrecy which is necessary to it.

Now, I think this may bring to a head the various discontents about our activities which have been expressed in various places; it may bring to head the problem of getting some better legislation for our sources and to protect our sources and methods. And it may bring to a head the question as to exactly how we're going to be supervised by the Congress and our decisions reviewed by the bodies that are responsible for looking us over.

I've tried in the past year or so to explain our functions. I've tried to put the stress on the fact that intelligence is a changed process from what it was. It is not just the spy business any more. It is a technical profession, it is an intellectual profession in its analysis functions, and yes, we do have some clandestine activities as well. But

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the entire intelligence process has been carried to a very high art by you and your predecessors and your associates in this building and by the other people who participate in the intelligence business in our country. I think that we have made available to quite a lot of people the product of our intelligence. I think it has very high ratings among our customers, and I think it has - the intelligence business is gradually becoming understood better by a larger percentage of our people. At the same time we really have not solved the problem of how we keep secrets, those secrets which have to be kept, in order to carry this function out. We haven't solved it yet, and each one of these secrets that comes out to our American attitude is quite exciting and it becomes a source of a great deal of public comment and press comment. But I have enough confidence in the good sense of the American people and of its leaders that I think that an institution which contributes as much to our national wellbeing as this one does and the people in it, will get the respect and the appreciation that they both deserve.

With that, I'd be very happy to answer questions. Yeah?

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Q: I saw in the paper that Mr. Harrington is suing you and Dr. Kissinger, and I wondered if you thought that there might be legal consequences to that suit which are different from the publicity that it would create?

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DCI: Well, Congressman Harrington is suing -- I just read the complaint here 15 minutes ago -- to get a declaratory judgment that -- It's sort of a collection of everything that anybody's ever complained about the Agency for. He is suing to say we aren't allowed to do covert action activities, that we have to give our budget figures to the Congress, that we have to report to various Congressmen various things and so forth. I think, quite frankly, that he is raising as a legal question, a question which is basically a political question, because -- As for our legal justification, I think we have enough legal justification for what we've been doing. It does fall under that section The Congress has been aware through methods the Congress of our law. They appropriate our money every year. They know the has set up. various things that are going on. And I think the precedent over these years of how we've handled our affairs will cause that suit to fall, really, in the legal sense. I think that it's not apt to get very far in that sense. It will be a publicity thing, but I don't think it will go very far on the legal question.

Yeah?

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Q: Mr. Helms is going to be in for some rough sledding in the next month, however, so I wondered was he aware of the testimony that you gave to the Chairmen of our Subcommittees ..... --

DCI: He was in Iran; so, no, he wasn't.

Q: And will he be allowed access to your reports prior to his testimony in Congress .....

DCI: That's a good question. I was thinking about it on the way in this morning. Because obviously we do respect him. I personally respect him a great deal for his leadership of this Agency. I think he did it very well and I think he did it in good conscience at the time of those various activities. He certainly stood up very well on the Watergate thing and kept us out of an enormous amount of trouble there I think.

I'd have to ask the lawyers, frankly, to tell me the degree to which an ex-Director can be given access to material such as this. And you get into a tricky thing there as to responsibilities on each side for these things. And I repeat that I do not think that there's anything in the record that would subject him to any legal criminal action. But nonetheless I would rather not answer that one way or the other until I get some good advice.

I did send him a cable a couple of weeks ago when I knew

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that Seymour Hersh was rooting around, and I just assured him that whatever happened it wasn't generated in this Agency by any intent to put any opprobrium on him at all.

#### Yes?

Q: Sir, could you comment specifically on the issue of the 10,000 files -- what was involved, what ...., how many were there?

DCI: There are --In that neighborhood there are 10,000 names in the register in connection with this program, the counterintelligence program. About two-thirds of the names were names which were - either came up as a by-product of our intelligence work or our counterintelligence work abroad or were specifically asked - we were specifically asked by the FBI to find out whether there were any foreign connections with them while they were abroad. Now that built up about two-thirds of the files. And in those two categories there are some that you might wonder as to whether we should have those if they came from this business of having people in a movement here, who, were preparing to use that as credentials to go abroad and meantime reporting something, they did report some facts on Americans here. And I think that's probably wrong. We don't allow it any more. But it was in the framework of that time, I think, not all that unreasonable.

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The remaining third is one of those things that we bureaucrats understand very well, that the FBI sent over copies of their reports on various things to us, and we busily filed them and carded them. We didn't do anything more with them. They were just raw FBI reports on various people. But they did build up in this file. We've been going through this file, I understand, for the last several months and scraping out of it anything that's not appropriate under our proper guidelines today. But the fact is that we had various names of various people.

On the Congressmen question, which was one of the things covered -- As you know, the Legislative Counsel has lots of records of Congressmen, obviously, including our services to them. But on the Congressmen, we found some Congressional names in our files. They were either -- I think most of them predated their election to Congress and were caused by that individual's willingness to work with us, collaborate with us. After all, there is one Congressman who was a former staff employee here. Obviously we have a file on him. But they were before they were Congressmen, or in some cases their names did come up in connection with this by-product of something abroad. But I can say with great confidence that we have never, to my knowledge, conducted any kind of a surveillance of a Congressman and, frankly, we'd

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be out of our minds if we did so.

#### Yeah?

Q: Mr. Colby, are you aware of any more surprises that the press might pull on you? ...Sunday's <u>New York Times</u>, they quoted a former CIA employee, supposedly --

DCI: Yeah. I can't make any sense out of that at all. Frankly, I told Mr. Hersh that didn't make sense to me, but he ran it anyway.

Q: Does the press normally indicate to you that they are going to spring something like this --

DCI: Yeah. They usually call me up about five-thirty on a Friday night and it's just the right time to conduct a file search. And they did; <u>Time Magazine</u> called me up on this story about the three Congressmen and Justice Douglas. And I denied that we spied on them, but they ran the story anyway. And then one of the Congressmen called me from Miami because the <u>Miami Herald</u> had across the top of the headline that he was spied on by CIA. And just to give you a little sense that the world is not all that unfriendly out there, his concern was that this was interpreted by a number of his constituents as meaning there was something wrong with him. So, there are people in this country who think that we're doing a useful service. I assured him that he was not -- we had found no record of his name, we never spied on him in any way, and I assured him of that, and he issued a statement on that.

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But frankly, this <u>New York Times</u> case, it is completely off the reservation. Really, I can't connect it. I think frankly what is going on there is that Mr. Hersh is on to some fellow who had a tenuous connection wit it, who has given him a lot of, what we used to call in Vietnam, war stories -- third, fourth, fifth hand statements saying things that happened without any knowledge about whether it was happening, or whether it really happened or not. Then, of course, there it is; he runs it.

But the Domestic Operations Division, which is the ancestor of the Foreign Resources Division, was <u>not</u> engaged in this counterintelligence program, for instance, and rather carefully kept out of it. Its targets are foreigners, in America, and we've taken the position that -- and I've taken the position publicly in my confirmation hearing and had no flak -- that the collection of foreign intelligence from foreigners in the United States is within our responsibilities. And, I think that's perfectly proper, and that's the function of that Division.

I would say that -- and I particularly appeal to this audience,

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because that question of surprises ..... that five-thirty Friday night when they call you up and ask you about, you know, what you knew about some horrendous event; if you have some kind of a feel of anything that might relate to it, you can sometimes interpret the problem and bring. it into shape. And if you'll read the original New York Times article, you'll see that I did make the point, very strongly, that these foreign intelligence operations were - or our counterintelligence activities involving American dissidents were foreign counterintelligence activities even though there's a little edging over in certain places as I've indicated. But what really, I think, can hurt the Agency badly and that is if its management doesn't know things that went on, because you can get into a situation where you have no record of a certain event, the allegation is made, you deny it and then you're proven to be wrong. And that can destroy the Agency. And therefore I appeal to all of you to once again look in your consciences and in your records, and if you know of anything that you know of or have heard of that is outside of our Charter, either bring it to me personally or bring it to the IG, who now has a nice procedure for handling this collection of skeletons. But if I know about the skeleton I can handle it. If I don't know about it, I really am walking on very thin ice. And you remember we went through this problem after

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the Watergate thing, and it did cause us quite a lot of trouble. And I think we're in good shape now. I'm convinced that we have a collection, but if anybody knows of anything that he thinks is wrong, let's hear about it, because a) we want to stop it; and b) we want to be aware of it so we can handle the question.

And some of these things undoubtedly will be forced into the public print in the next few months, because in some of these things there are no intelligence sources and methods involved, and we will be unable to keep them in Executive session in the atmosphere of today. But if we know about them, if we can present them in the context in which they appeared at that time, I think we can protect the Agency, which is what we're interested in, from the adverse effect. But if we have these things thrown at us in the middle of nowhere, after having made statements to the contrary, we're in very serious shape for our future.

#### Yes?

Q: Forgetting about the past for a moment and concentrate instead on what's coming up, apart from an injunction... that we should be aware and report to you. Are you satisfied that at this point your own guidelines are firm enough and that your own - how shall I say it? - tentacles out into the organization are broad enough that you

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will in fact be aware of what's going on and .... -- Because I think there's been a concern what happened was not the result of a top-level decision but rather ..... say middle-level activities, of which there was no check until .....

I think the guidelines are clear enough. And you know DCI: this folder we read every October, I think it is, has a section in there that says if you have any feeling that anything is outside the Charter of the Agency that you're obliged to bring it up to me. I think the control of what the different Directorates are doing and the activities of the different offices and so forth that I'm reasonably content that the Deputy Directors and the various office chiefs are well enough aware of the limits of propriety and, certainly, in this atmosphere, are well enough aware of the dangers of ignoring those limits to themselves as well as to the Agency. Though I don't think there's that much of a problem. I do not run a whole separate counterintelligence activity within the Agency to find out about things like that. I stress the command structure, because I believe that the various leaders of the various units are responsible people, and I want them to feel responsible and not to feel that it's up to me to find out something. The responsibility's up to them, and I mean you, to tell me about anything that you're doing that is of any question at

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all. And we have procedures to do that. And I'm, frankly, reasonably content that it works. I have total confidence in our Deputies. They tell me I'm wrong every now and again very forcefully so I expect they'll tell us if anything is going on in their shop that's wrong occasionally.

Yes?

Q: Mr. Colby, is all of this going to impair the effectiveness of the Domestic Contact Division to contact .....

DCI: I don't think this will so much. It will give it some problem. The thing I'm worried about that Division is the - that we have developed a reputation over the years of being able to keep our mouths shut about the various people we've dealt with; and if we deal with the XYZ company and they tell us something, that they don't read it in the paper the next day. I think there are a lot of people who are not overly convinced at our ability to keep a secret right now. And that's hurting us. And to some extent you have to admit that they're right from the leaks that we've had and from the problems that we have of handling our legal responsibilities. We're going to try to protect them, but I think there is an unease in the context of our domestic contacts people as to the wisdom of working with us. On the other hand, there are an awful lot of Americans who are very friendly to us and are very sympathetic with us in these times. You know, we get

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a certain amount of crank letters up there, and it's been rather amusing the last week we've gotten quite a few that are very supportive -- you know, that, darn it, you ought to have been doing that. I don't agree with that, but it's an interesting reflection that there is a body of opinion that is very supportive of this Agency and its work. And while we may have a few ex-employees who may say too much or who may be cleverly manipulated to say too much, I think the great mass of our employees and a great mass of of our ex-employees are very loyal to the Agency and that we do have the ability to keep secrets except for that smallpercentage. It's that small percentage that hurts us. And I think that's something we're just going to have to figure out how to live with until we get some assumption of responsibility by our leadership and by our Congress that we really do want to run an intelligence service and it requires that we have some tools to keep the necessary secrets and to supervise us in a necessary way. And with that I think we'll be all right. But it's going to be a bouncy spring, and I can't tell how many other little surprises are downstream.

Well, this is a family meeting. Obviously I didn't say anything that was all that highly classified, but if I went back through every individual sentence I could make a headline out of several of them I'm sure. So I do beseech you to pass along your impressions of this meeting to

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your associates in the Agency; but please do not reveal the specifics of what we've been talking about outside the Agency. I really don't want the President's hands to be tied by a premature leak of this report from this Agency. And I've taken some steps to try to hold on to it, because I think the President has both the right, and I have the respect for him, that he should have a free hand as to decide what he's going to do and not have the newspapers shoving him around just because of something that leaked out of here.

I do take you into our confidence to the degree I have but -and I didn't cover a lot of specifics, as you know, because I know you're as concerned about this as we are in the front office, and your families are concerned and your associates are concerned. So I don't want to send you away feeling happy and relaxed, but at the same time I don't want you to feel that the Agency record is bad, nor that the Agency has no future. I think it has a future. It may have a bouncy few months before it gets there, but it will have a good future thanks to the talents that are in it.

Thanks very much. [Applause.]

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| Rer  | By                          | ERE TO RETURN | TO SENDER |                     |  |
| Rer  | By                          |               | TO SENDER | DATE                |  |
|      | By                          | ERE TO RETURN | TO SENDER |                     |  |

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