

23 DEC 1981

MEMORANDUM FOR: Deputy Director of Central Intelligence

VIA: Deputy Director for Administration

FROM: [REDACTED]
Director of SecuritySUBJECT: Newsweek Article Entitled "The Soviets' Dirty-Tricks Squad" of 23 November 1981

1. This two-page article (See Tab A) by Melinda Beck and David C. Martin discussed the impact of KGB forgeries on world opinion regarding the United States. The article was part of a larger Newsweek effort (See Tab B) of five pages in the same issue on KGB activities in the United States. On page two of the "Dirty Tricks" article, a CIA operations officer named Martin Portman is quoted as saying that through forgeries "they are convincing a lot of people, not only in the Third World, but in some Western countries." The quotation and the accompanying text were prepared in such a manner that the reader is led to believe that Newsweek actually interviewed a CIA employee. [REDACTED]

2. [REDACTED] Directorate of Operations (DO), International Affairs Division, informed the Office of Security on 17 November that the "Dirty Tricks" article was based almost entirely on opening hearings on Soviet covert action before the House Permanent Select Committee on Intelligence (HPSCI) on 6 and 19 February 1980. [REDACTED] added that he is the Martin Portman noted in the article and that the words quoted in the article were lifted from the HPSCI hearings (See Tab C). As the purpose of the HPSCI hearing was to inform the public of Soviet activities in the United States, the true name of CIA participants could not be entered into the Congressional Record. Therefore, [REDACTED] and three other CIA officers were issued fictional names by the HPSCI staff for inclusion in the official record. (S)

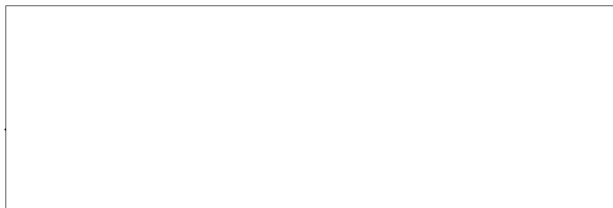
3. David C. Martin, co-author of the "Dirty Tricks" article, has covered the intelligence beat for Newsweek for the past two years. He is the author of Wilderness of Mirrors which highlighted the CIA careers of former Directorate of Operations officers James J. Angleton and William Harvey. Martin is a

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tenacious, hard-working reporter who specializes in conveying the impression his information was obtained from interviews, when in reality it was obtained from open sources.

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TAB A

ARTICLE APPEARED
ON PAGE 52

NEWSWEEK
23 NOVEMBER 1981

The Soviets' Dirty-Tricks Squad

The Russian word is *dezinformatsiya*, and a KGB manual defines it as "misleading the adversary." In fact, as currently practiced by the KGB, disinformation is far more—encompassing any forged document, planted news article or whispered rumor designed to discredit its enemies, especially the United States. Directed by "Service A" of the KGB's First Chief Directorate, disinformation is a key weapon in Moscow's running war of words with Washington. According to CIA estimates, the KGB's dirty-tricks squad commands 50 full-time agents and a budget of \$50 million a year. But that is only a small part of a \$3 billion propaganda apparatus that employs every conceivable Soviet "asset"—from Leonid Brezhnev and Tass to shadowy front organizations around the world.

Much of Moscow's anti-American propaganda is overt. Statements by Brezhnev decrying U.S. weapons policies, for example, can be judged by their source and swiftly denied. But disinformation is more subtle and difficult to combat. In 1979 Soviet diplomats spread rumors that the United States had orchestrated the seizure of the Grand Mosque in Mecca and that the Pakistani Army had engineered the burning of the U.S.

Embassy in Islamabad. The goals: to stir anti-Americanism in Islam, and to sow tension between the Carter Administration and Pakistani President Mohammad Zia ul-Haq. Other disinformation is spread by Soviet-controlled radio stations in Third World countries. During the Iranian revolution, the "National Voice of Iran" (actually broadcasting from the U.S.S.R.) blanketed Iran with charges that the CIA had assassinated Iranian religious leaders and was plotting to kill Ayatollah Ruhollah Khomeini.

Smear: A favorite disinformation ploy is to plant "news" items in foreign publications, then repeat the charges in the Soviet press. A classic case involved veteran U.S. foreign-service officer George Griffin. Assigned to the U.S. Embassy in Ceylon (now Sri Lanka) in the 1960s, Griffin was first identified—falsely—as a CIA agent by Blitz, a leftist Bombay weekly. In 1968 his name appeared in "Who's Who in the CIA," a bogus directory of American agents. More recently, an Indian news service accused him of organizing Afghan freedom fighters and even attempting to sabotage Indian Prime Minister Indira Gandhi's plane—charges Tass and Pravda trumpeted worldwide. Last June a Soviet newspaper printed a



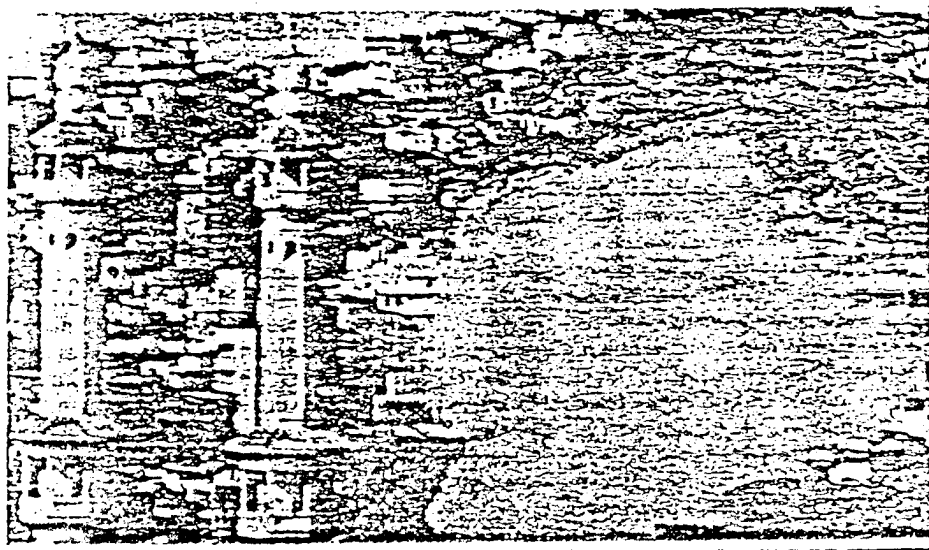
Ortiz: In Peru, the KGB said he was CIA

letter allegedly from Griffin threatening an Indian journalist. Despite repeated U.S. denials, the smear campaign succeeded. In July, Gandhi let it be known that Griffin's scheduled posting to the U.S. Embassy in New Delhi would be "too contentious," and his assignment was quietly withdrawn.

Why the long campaign to get Griffin? U.S. intelligence officials cannot answer the question with certainty, but the attacks may have been triggered during Griffin's days in Ceylon when he tried—in vain—to persuade a Soviet couple to defect. Soviet propagandists have started a similar campaign to discredit two new U.S. ambassadors—Harry Barnes in India and Frank Ortiz in Peru. Charges that Ortiz is a CIA agent first appeared in a leftist Peruvian newspaper and almost immediately were repeated in Izvestia.

Forgeries, such as the letter purportedly written by Griffin, play a key role in disinformation, often providing the "evidence" for spurious charges. Skilled at duplicating typefaces and watermarks, the KGB produces four or five major forgeries of official U.S. documents a year, according to the CIA. One of the most famous is a "top secret" 1970 U.S. Army field manual, bearing the forged signature of Gen. William Westmoreland, that orders U.S. troops abroad to provoke leftist groups into terror-

Mecca mosque under siege in 1979: Spreading tales that America was responsible



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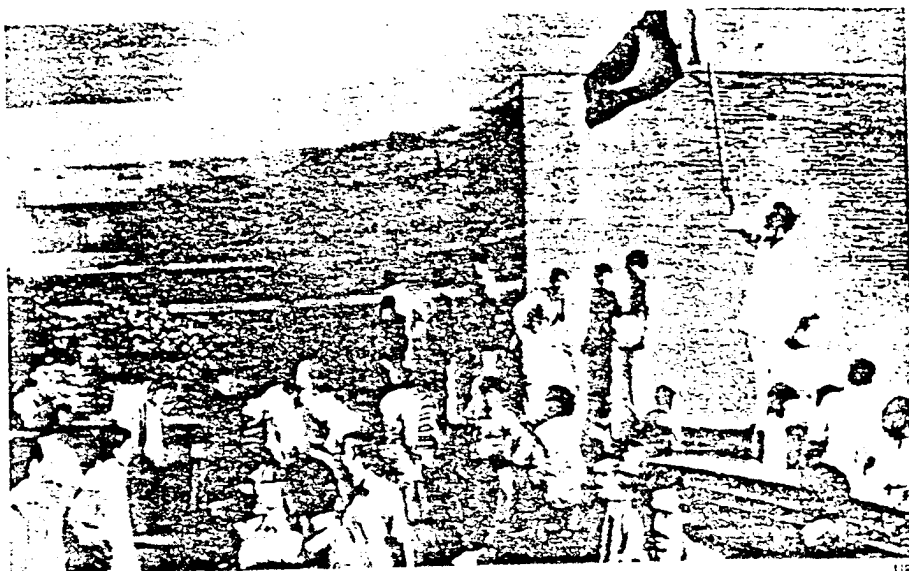
ist acts that would invite government retaliation. The forged manual gained attention in 1978 when a Spanish journalist—whom the CIA linked to Soviet intelligence—cited it as evidence that America was inciting the Italian Red Brigades. That, in turn, sparked speculation that the United States was behind the murder of Italian leader Aldo Moro. An unusually sophisticated effort, the field manual was flawed only in its top-secret classification—a designation real field manuals never bear.

'Convincing': Over the years such forgeries have been the basis for scores of disinformation stories in the foreign press. In 1979 a Cairo-based Muslim magazine printed a phony CIA document outlining ways to bribe members of Islamic groups opposed to the Camp David peace process. The same year a Syrian newspaper published a letter supposedly from Hermann Eilts, then U.S. ambassador to Egypt, urging CIA director Stansfield Turner to "repudiate" Anwar Sadat and "get rid of him without hesitation" unless Sadat did more to advance U.S. interests in the Mideast. Such fabrications catch on—particularly when they act to confirm popular suspicions of U.S. motives in a volatile region. **"They are convincing a lot of people,"** Martin Portman, a CIA operations officer, has said, **"not only in the Third World, but in some Western countries."**

Are the Western media themselves occa-

Griffin: A diplomatic posting derailed

Teresa Zabala—New York Times



The U.S. Embassy under attack in Pakistan: Sowing new tensions between countries

sionally manipulated by Soviet disinformation? That theory was advanced by the 1980 best-selling novel, "The Spike," supposedly a *roman à clef* in which co-authors Robert Moss and Arnaud de Borchgrave suggest that some Western journalists are unwitting dupes of Communist propaganda, while others are in the pay of the KGB. In France last year journalist Pierre-Charles Pathé was sentenced to five years in prison as a Soviet agent; he had printed Soviet disinformation in French magazines and an influential newsletter since 1959. In the 1950s, longtime CBS correspondent Winston Burdett admitted taking Soviet espionage assignments as a newspaper reporter for a brief period in the 1940s, and Soviet defectors have named Australian journalist Wilfred Burchett and former CBS and ABC correspondent Sam Jaffe as Communist operatives. (Both men deny the charge, and the CIA has officially exonerated Jaffe.) "It would be foolish to contend that the U.S. Government can be penetrated, U.S. defense contractors can be penetrated and the U.S. press cannot be penetrated," says Frank Carlucci, the former deputy CIA director who is now Deputy Secretary of Defense.

Still, most American experts on the KGB doubt that the Soviets have made any sig-

nificant headway within the American press. "What could such journalists do for their Kremlin employer?" asks Harry Rositzke, who spent 25 years watching the KGB for the CIA. "Could they pass a pro-Soviet slant through the hierarchy of news rooms and editorial boards in metropolitan newspapers? The insertion of Moscow-tailored items or attitudes would stick out like a red thumb." Some conspiracy buffs argue that the Western press seems all too eager to expose excesses by the CIA while making little effort to expose Soviet infiltration. American journalists do tend to question actions and explanations from government sources—but it is that very freedom and skepticism that sets the Western press apart from its Eastern counterparts.

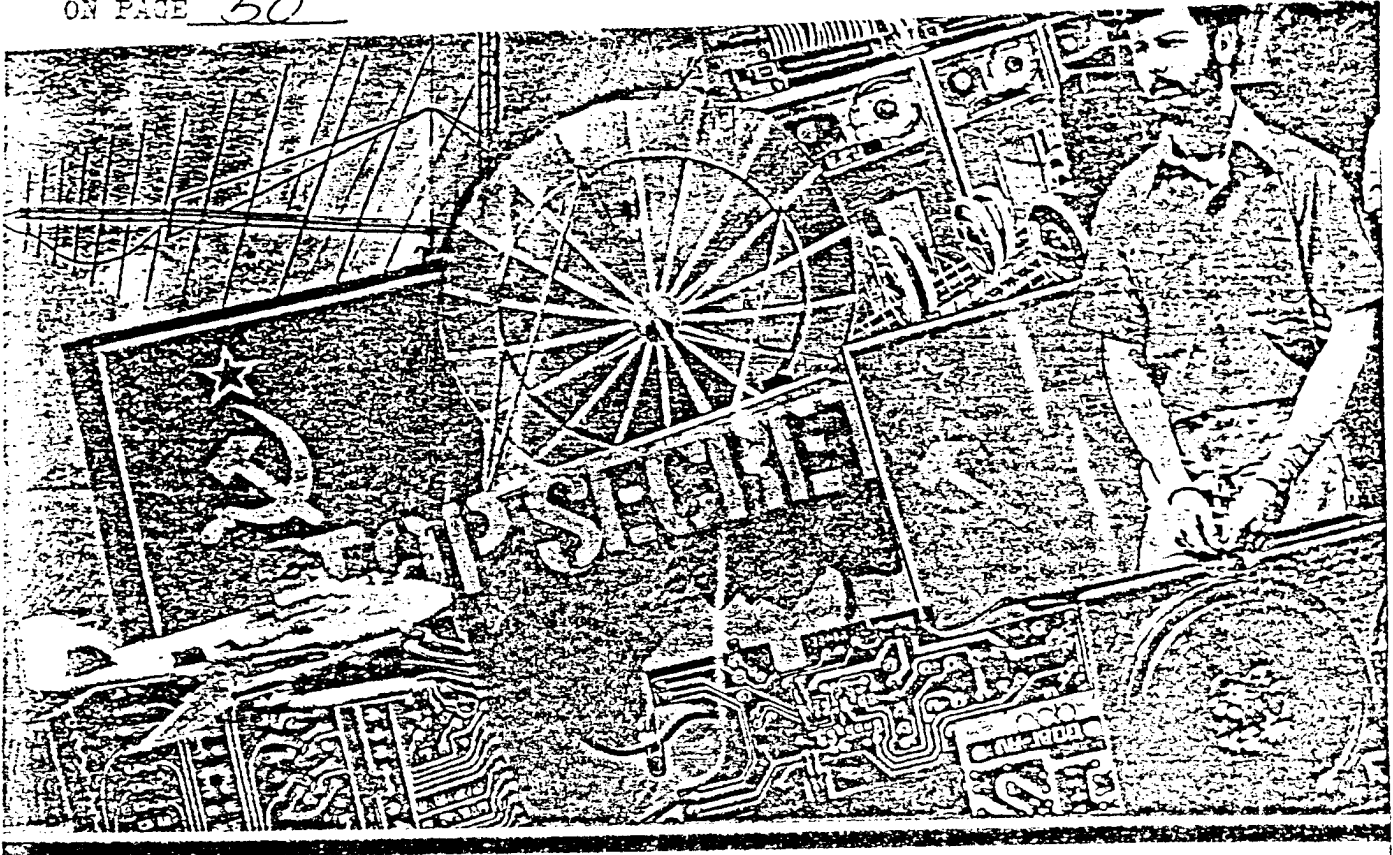
In the end, the question of subtle Soviet influence in the American media is dwarfed by the concerted KGB campaigns to defame career diplomats, destroy trust between nations or incite revolutions. Taken separately, each of the wounds *dezinformatsiya* inflicts on America's reputation may seem minor. But the nicks and cuts add up and promote the ultimate goal of the KGB's Service A: the undermining of worldwide goodwill toward the United States.

MELINDA BECK with DAVID C. MARTIN
in Washington and bureau reports

TAB B

NEWSWEEK
23 NOVEMBER 1981

ARTICLE APPEARED
ON PAGE 50



The KGB's Spies in America

Once they were the familiar characters of cloak-and-dagger fiction: brutish, bull-necked men with heavy fists, gold teeth and unfashionable, ill-fitting suits. But today's real-life spies of the KGB are a different breed—the best and brightest of Soviet society, schooled in science and language and social graces. More numerous than ever in America, they may well be the most important weapon that Moscow employs in the endless struggle between the superpowers. "The threat today is significantly greater than it was nine or ten years ago," says Edward J. O'Malley, assistant FBI director in charge of the intelligence division. O'Malley says the FBI is better at counter-espionage than ever before, but other U.S. intelligence officials admit that Washington has been painfully slow to recognize the increasingly sophisticated challenge of Soviet spies in the United States.

The KGB's greatest asset in America, of course, is the nation's open society. According to one FBI estimate, the Soviets get 90 percent of their intelligence from open sources—everything from nonclassified documents and educational seminars to industrial trade shows and technical publications. So valuable is the magazine *Aviation Week & Space Technology*, for example,

that each new issue is flown immediately to Moscow and translated en route. But the other 10 percent, obtained through the KGB's clandestine activities, is crucially important to Moscow. As a result, supersophisticated electronic equipment at every Soviet installation in America monitors countless private telephone calls and radio

*Analyzing their mission,
their methods,
their impact—and
the challenge they
pose to an open society.*

transmissions, from sensitive political conversations to drawings of top-secret weapons systems. NEWSWEEK has learned, for example, that the Russians once intercepted a design for part of the new Trident submarine by picking up a telefax transmission between offices of a major defense contractor.

Dramatic reminders of the way the KGB has made off with American secrets have

surfaced in numerous headlined cases over the last five years. Christopher Boyce and Andrew Lee were arrested in 1977 for selling data on a U.S. espionage satellite. Former Army cryptographer Joseph Helmich was sentenced to life in prison last month for selling cipher information. But the Soviets have developed subtler forms of co-optation as well, spawning a complex web of legal business enterprises to buy and export computer chips, laser components and other high-tech gear that constitute the most sought-after intelligence prize in the United States today. "We're almost in a [scientific] race with ourselves," says Edgar Best, head of the FBI's Los Angeles field office. "We develop it, and they steal it."

'Loose Lips': The ongoing assault presents a special challenge to the Reagan Administration, whose foreign policy and world view is based largely on the premise of a widespread and covert Soviet threat. So far, the Administration has moved swiftly in the area of scientific espionage and "technology transfers"—beefing up export inspections and mounting an updated version of the old "loose lips sink ships" campaign among the high-technology companies of California's Silicon Valley. Many of the President's conservative supporters would

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Jane Sterrett

Spy chief Andropov, a member of the ruling Politburo, dominates the shadowy world of Soviet espionage from KGB headquarters on Dzerzhinsky Square. His agents seek military secrets and technology with sophisticated means, but some still get caught.

prefer a broader crackdown, but Administration plans for more CIA surveillance of U.S. citizens are being withdrawn under heavy pressure from Congress. Many intelligence veterans say that U.S. agencies responsible for tracking down spies at home already have all the authority they need to fight an undercover enemy with its own share of human and bureaucratic weaknesses. "KGB men are not 16 feet tall," insists retired CIA officer Benjamin Pepper. "They are our height, weight and complexion—and we do ourselves a disservice by building them up taller than that."

What is the KGB? The Komitet Gosudarstvennoi Bezopasnosti—State Security Committee—combines the functions of the FBI, CIA, Secret Service and various military-intelligence agencies. Americans might regard themselves as the KGB's *glavny protivnik*, or main adversary, but many Russian citizens would take exception. Under the current leadership of Politburo member Yuri Andropov, the KGB assigns about half of its 50,000 operational staffers to the Fifth Chief Directorate—responsible for crushing dissent within the Soviet Union. "Everybody is afraid of the KGB," says former Russian diplomat Arkady Shevchenko, the highest-ranking Soviet official to defect to the United States.

In all, the KGB—headquartered at

Dzerzhinsky Square in Moscow—is organized into four chief directorates, seven independent directorates and several independent departments, most of them engaged in some form of Soviet internal security. Only three major arms of the KGB stretch to America or directly affect U.S. citizens. The KGB's First Chief Directorate controls most of its 6,000 spies overseas. Within this directorate, the First Department runs operations against the United States and Canada, with its service "T" concentrating on U.S. technology and its service "A" handling "active measures" to covertly undermine foreign governments and the NATO alliance through campaigns of "disinformation" (page 52). Members of the KGB's Eighth Directorate operate all the electronic-eavesdropping equipment at Soviet installations in the United States.

Drugged: The Second Chief Directorate is assigned to monitor, compromise and recruit American travelers to the Soviet Union, from tourists and scholars to journalists and diplomats. Earlier this year, Maj. James Holbrook, a U.S. Army attaché about to return to Washington to be interviewed for the job of military assistant to Vice President George Bush, was drugged in the Soviet city of Rovno. When he came out of his stupor, Holbrook found a Russian colonel he knew holding "interesting and unmistak-

able photographs" of the American soldier and a woman in compromising circumstances. The colonel offered to help—provided Holbrook gave some information in return. Holbrook refused.

KGB operations in the United States accelerated dramatically in the Nixon era as détente permitted a vast increase in diplomatic, cultural and commercial exchange programs. The FBI estimates that 35 percent of official Soviet representatives working in the United States—including employees of organizations such as Aeroflot, the national airline, and the news service Tass—are officers of the KGB or GRU (military intelligence). On that basis, roughly 350 of the 1,041 Soviet officials currently posted to this country are spies, the highest number ever. That figure does not include Soviet nonspies who do the KGB's bidding. Nor does it include agents hidden among other suspect groups—the diplomatic and U.N. delegations of other Soviet-bloc countries, the hundreds of East European students at U.S. universities, the 5,000 Iron Curtain visitors who travel the country freely and the 130,000 immigrants who have fled to America from Eastern Europe in recent years.

The principal areas of KGB activity are Washington, New York and San Francisco, with the location of each Soviet installation chosen to maximize electronic surveil-

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lance. In Washington, one giant high-frequency antenna atop the Soviet Embassy on 16th Street points toward the State Department and the Pentagon while another focuses on the CIA's communications facilities in Virginia. The Soviet "recreational complex" on Chesapeake Bay is close to a major microwave relay station and a large military communication facility in Annapolis. The Soviet residential complex in Riverdale, N.Y., also bristles with electronic gear, and its location on one of the highest points in the metropolitan area permits eavesdropping on calls throughout the Northeast. In San Francisco, too, the Soviet Consulate sits on one of the town's highest hills, targeting Silicon Valley and the Mare Island Naval Base where U.S. nuclear subs are serviced.

Staffing these outposts for the KGB are "the cream of the crop," says Theodore Gardner, special agent in charge of the FBI's Washington field office. Dmitry Yakushkin, identified as the head KGB man in Washington, is the grandson of a general of the December revolution, a veteran of a lengthy tour in New York and onetime chief of the Third Department (targeted on Great Britain). Vladimir Kazakov, currently top KGB man in New York, once directed all operations against the United States as head of the First Department in Moscow. In a way, however, the sophisticated experience of KGB men can make them easier to spot. They are often older than many of their colleagues in mid-level "cover" slots, and their records show an unusual variety of promotions and postings. "Transfers from one ministry or organization to another," says a classified 1970 U.S. intelligence study, "are almost invariably a sign that the [individual] is an intelligence officer taking such possibilities as become available for assignment or travel abroad on clandestine missions."

Some spies can be identified simply because they work so hard at evasion. Polish "businessman" Marian Zacharski, whose espionage trial went to a jury in Los Angeles last week, was suspected of being an intelligence agent almost as soon as he entered the country in 1977. He called attention to himself by running red lights, changing lanes rapidly as he drove and doubling back on his route to check for followers. Surveillance became a game, with Zacharski once handing an FBI agent two mechanical pencils because, he said, "I know you guys take a lot of notes." Other

spies, unconnected with any Iron Curtain company or organization, may be much harder to trace. Rudolph Herrmann immigrated illegally as a German photographer and lived in the New York area until his careless contact with a KGB man led the FBI to realize he was a Soviet "sleeper" agent. Herrmann's son Peter, a political-science student at Georgetown University, was also being groomed as a spy—his fluency in German and Czech making him an ideal potential candidate for placement as a "mole" in the U.S. Foreign Service.

The Soviet Embassy in Washington provides a rich example of how the KGB organizes itself to operate in the United States. A general-operations section handles recruiting, with brother GRU officers haunting the bars around military posts in the area. KGB agents also make contacts with government employees in search of political intelligence that comes free over drinks without any attempt at subversion. They join posh clubs, "troll the singles bars and strike up relationships," says FBI intelligence chief O'Malley. And recently, U.S. intelligence officials have noticed a number of Soviet lip readers making the rounds. The science and technology section, meanwhile, includes employees of Amtorg, the Soviet trade organization. "They spend a lot of time in the Library of Congress," says Soviet defector Vladimir Sakharov, "reading unclassified financial reports on U.S. industries and [reports on] research and development."

Rigged: A counterintelligence section in the embassy is assigned to direct any recruits made in the CIA, FBI or local police but probably spends more time fending off the efforts of these organizations to penetrate the Soviet Embassy's staff. An illegal-support section collects and copies useful documents including the passports and birth certificates of U.S. citizens seeking visas to the Soviet Union; these may be used to make forgeries useful in future undercover or blackmail operations. Finally, there are specialists in bugging, secret writing and clandestine photography; code clerks who work on secret orders and reports, even special drivers who are experts at surveillance and evasion. For example, the brake lights on embassy limousines are rigged to be disconnected at night if a KGB case officer is stopping to pick up an agent.

The Washington embassy also has a "wet affairs" section, translated more colloquial-

ly as "bloody business," reporting to the infamous Thirteenth Department in charge of assassinations. But the last suspected KGB assassination in this country occurred in 1941, U.S. officials say, and the last assassination team to visit the United States came in the early 1970s (in search of a KGB defector). Wet-affairs specialists now plan sabotage of key industrial targets—fuel-storage depots, communications networks and water-supply systems—in the event of war.

The KGB doesn't hesitate to start at the top in making "contacts." After Richard Nixon was elected President in 1968, KGB man Boris Sedov, masquerading as an embassy counselor, struck up a relationship with the German-born foreign-policy expert soon to become director of the National Security Council—and Henry Kissinger knowingly used Sedov to communicate Nixon's early interest in an era of negotiation with Moscow. During the Carter Administration, approaches were made to several NSC staffers. But U.S. intelligence officers insist that no recruiting efforts occurred. "It would be bad publicity to get caught and it would close a lot of doors when [information] is available just for the picking," says the FBI's Gardner.

There is no evidence of any approach to a U.S. congressman, but Congressional aides are apparently not off-limits. In 1971 Sedov paid modest fees of \$30 and \$40 for articles written by Jim Kappus, a political-science student working on the staff of Rep. Alvin O'Konski of Wisconsin, a member of the House Armed Services Committee at the time. Claiming to work for the Novosti Press Agency, Sedov kept asking for more of an "inside angle," but got no classified information because the FBI had coached Kappus from the start.

The Hook: The Americans targeted by the KGB for recruitment are different from what they have been in the past. Gone are the Communist Party idealists who provided willing assistance during the 1930s, '40s and '50s. The KGB's marks now are mostly "mercenaries and cripples," cracks one Naval intelligence expert. Money has become both the lure and the hook for financially hard-pressed military men and high-tech engineers; once the first payment has been made, it becomes a club for blackmail. "The Soviets took pictures of me accepting cash so that they had a weapon to use against me," says former target Kappus.

Some KGB defectors despise the new rules of the game, denouncing current Soviet operatives as slick cynics for whom KGB has come to mean Kontora Grubykh Banditov, or the Office of Crude Bandits. But a KGB manual cited by former CIA officer Harry Rositzke provides a Marxist-Lenin-

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ist rationale for the KGB's new materialism. The average American, the manual says, "soberly regards money as the sole means of ensuring personal freedom and independence . . . This attitude toward money engenders an indifference to the means by which it is obtained . . ." The FBI's O'Malley agrees. "The worse the economic situation," he says, "the more people are willing to sell information for money."

The Soviets thought they had just such a man in 1973, when GRU officer Viktor Delnov left the Soviet Embassy in Washington to buy gloves at a Sears store in suburban Washington. The salesman, he discovered, was a moonlighting Air Force intelligence sergeant named Arne Pederson. Delnov kept coming back, trying to get Pederson to join him for a drink. With the approval of Air Force authorities, Pederson finally did, and mentioned his difficulty paying an auto-repair bill. Delnov gave him \$500 on the spot. Two months later, Delnov asked Pederson for "a sample of your work." After consulting with his superiors, Pederson decided not to come across—and not to pay back the \$500 loan. Soviet or Soviet-bloc intelligence officers make similar approaches to more than 100 U.S. military men every year.

Mistresses: KGB men also look for people in sensitive posts who are disillusioned with their jobs or angry at their bosses. "The disillusionment only has to be temporary," a former FBI agent points out, "because the KGB will document the single transgression to keep the American hooked." Even otherwise-loyal Americans can be maneuvered into compromising positions—often involving sex. One goal of the Soviets' vast electronic-eavesdropping operation is to pick up telephone conversations between men in sensitive jobs and their mistresses. With the aid of the Pentagon phone directory, routinely obtained by a KGB man at Tass, the Soviets can program their computers to lock into calls to and from specific numbers. The Soviets do not tap directly into telephone lines in the Pentagon's Autovon system but intercept the growing number of military calls that are carried, like their civilian counterparts, by microwave. (Since 1974, a "space dish" on the Soviet antenna farm outside Havana has been positioned to catch telephone signals bounced off communications satellites.)

Soviet agents are perhaps most dogged in their pursuit of Iron Curtain émigrés. "They never give up hope on anybody who has once been a Soviet citizen," says ex-CIA man Rositzke. NEWSWEEK has learned, for example, that a code clerk named Alexander Jankowski defected last spring from the Polish mission to the U.N. and helped pinpoint a number of Polish-Americans who have worked with Polish intelligence agents—either out of lingering loyalty to their motherland or fear of reprisals against

relatives still there. The FBI also has uncovered extensive KGB recruiting efforts in Chicago's Polish community.

Still, like so much of what the KGB does, efforts in the émigré community seem surprisingly hit-or-miss. Russian "seaman" Ivan Rogalsky jumped ship and immigrated to the United States in 1971 and was eventually taken into the tightly knit Russian community around Jackson, N.J. In 1975 he made a cross-country trip with one couple, and found himself at a party given in San Francisco for them by a friend named Paul Nekrasov—an engineer with a secret security clearance. They talked nostalgically about Russia and suddenly Rogalsky asked: "Would you like to do your motherland some good?" Nekrasov told the FBI, and thus began a fourteen-month charade. Rogalsky talked about a KGB "diplomat" in New York, tutored Nekrasov in espionage and advised him to prepare for it psychologically (first steal blank paper, then unclassified information, then real secrets). Rogalsky assured him they would be rescued by a Russian submarine if anything went wrong, Nekrasov says, or that they

could feign insanity. After the FBI moved in, Rogalsky persuaded court-appointed specialists that he was mentally disturbed—and he remains free on bond while regularly checking in with a psychiatrist.

On occasion, Soviet espionage methods can be almost comically straightforward. After striking out with Air Force Sergeant Pederson, Washington embassy spy Delnov took an Air Force-sponsored tour of bases with other foreign military attaches—and had to be dragged from the cockpit of an A-7 jet when he pulled out a camera and began taking pictures of the controls. At another base, Delnov walked up to an F-4 jet and brazenly tried to unscrew the nose cone from a Maverick missile slung under its wing. In April 1980 a New York-based correspondent for the Soviet newspaper Literaturnaya Gazeta received State Department approval for a trip to Denver, then violated his travel permit by leaving the city limits for a firsthand look at the Rocky Mountain Arsenal, where most U.S. chemical-warfare weapons are stored. He was turned away and a protest was dispatched to Moscow.

Families: The darker side of espionage "tradecraft" exists as well. Air Force M/Sgt. Raymond DeChamplain, whose conviction on charges of selling secrets to a Soviet intelligence officer was later overturned on a technicality, said he had been shown pictures of his home in Connecticut and warned that his family would be harmed if he talked. Similarly, Hughes Air-

craft engineer William Holden Bell, enticed and entrapped with large sums of money by the alleged Polish agent Zacharski, said he was shown pictures of his wife and her young son by a previous marriage. Another intelligence officer called "Paul" "told me that I had a lovely family," Bell said later, "then said that our security depended on each other and that if anybody got out of line he'd take care of them."

Recruitment of the debt-ridden Bell, who worked for Hughes outside Los Angeles, points up the Soviets' special interest in California as the capital of U.S. technology. In Silicon Valley, near San Francisco, 600 companies do classified government work. Near Los Angeles, another 350 firms have similarly sensitive defense projects. "All the things that are going to close the window of vulnerability are being developed right here," says Los Angeles FBI chief Best.

The KGB's West Coast headquarters—at the Soviet Consulate in San Francisco—is staffed accordingly. Consul General Aleksandr Chikvaidze, for example, is no ordinary diplomat, but a trained engineer who formerly served as chairman of the Soviet Union's Committee on Science and Technology. "The San Francisco consulate continues to be staffed with the *crème de la crème*, even more than Washington," says defector Sakharov. Of the 100 people associated with the consulate, he estimates that 50 to 60 are KGB officers, with another twenty to 25 working for GRU.

Recently, however, some of the best Soviet technical intelligence has been gathered not by the local KGB scientists or the greedy unfortunates they recruit but by U.S. and European businessmen who serve—sometimes unknowingly—as Moscow's purchasing agents. These "false flag" operators gain much information simply through inspecting and negotiating for high-technology items that may be legally sold to U.S. or allied enterprises but not to Russia or Eastern European countries. Once they actually buy the equipment, which may be critical to top-secret military gear, they ship it abroad under false labels such as washing machines and industrial ovens to cooperating West Europeans who send it behind the Iron Curtain. "Illegal strategic exports are a critical problem and should be a major concern to the government," says Theodore Wu, assistant U.S. attorney in Los Angeles, and other officials estimate the value of smuggled technology at \$1.5 billion annually. Two fairly typical cases:

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■ Just last month, Russian-born Anatoli T. Maluta, a naturalized U.S. citizen, was convicted on charges of illegally exporting \$8 million to \$10 million worth of computers and electronic equipment to Eastern Europe. The government presented evidence that he was acting on instructions from Werner Bruchhausen, a high-living, West German import-export king. Maluta is appealing the conviction, but prosecutor Wu remains convinced that the Bruchhausen-Maluta ring was "the largest in scope and most sophisticated in execution of any illegal strategic export operation known."

■ Volker Nast of Hamburg is another major trafficker in technology whose name has turned up in several recent customs cases. In April 1976, Nast was indicted by a Federal grand jury in San Francisco on charges of exporting semiconductor manufacturing equipment to the Soviet Union via small firms in Canada, Switzerland and West Germany. Nast remained in Germany, but three Americans pleaded guilty and were ordered to pay fines of \$25,000 each. Last May Nast was indicted again by a Federal grand jury in Baltimore on charges of conspiring to smuggle a \$47,000 microwave-surveillance receiver designed primarily for military use. (It is capable of intercepting signals to and from government satellites and sophisticated aircraft such as Air Force One.) The small, 70-pound device was seized at Kennedy Airport in New York, but Nast remains free because smuggling is not a crime that requires extradition.

Officials believe that many other high-tech smuggling actions go undetected, since the undermanned U.S. Customs Service traditionally devotes more attention to imports than exports. But a series of "export blitzes" has recently begun at key ports in the Los Angeles area, and Customs Commissioner William Von Raab this month launched "Operation Exodus"—in which teams of specially trained Customs agents, inspectors, patrol officers and accountants will focus on exports nationwide.

Beyond that, the Commerce Department is opening new export offices in San Francisco and Los Angeles, and the Reagan Administration has begun a broad review of export policy to strike a better balance between the needs of trade and the danger of sacrificing technological advantages. "We may have to tighten strategic trade controls on goods and technology that can upgrade Soviet military strength," says Assistant Commerce Secretary Lawrence J. Brady. For starters, the Administration has decided to stop routinely sending the Soviets tens of thousands of unclassified Commerce and

Defense Department reports each year.

The government's best hope is to make high-tech firms themselves more alert. To this end, the FBI has launched a "defensive counter-awareness program" around Silicon Valley, including radio and TV spots that feature onetime television G-man Efrem Zimbalist Jr. warning about "hostile foreign intelligence services." And there are signs that the industry is growing more cautious; recently some firms have turned away technical tour groups that include Soviet citizens.

Marks: The broader battle against Soviet espionage continues on more conventional lines: surveillance of suspected KGB officers, identification of their intended recruits and transformation of these marks into double agents who preoccupy their Soviet handlers, learn their latest interests and methods and pass on carefully concocted misinformation. In 1978, for example, the FBI was told by Canadian mounties that a disgruntled U.S. nuclear-plant worker had visited the Soviet Embassy in Ottawa; the bureau then used him to spoon-feed the Russians for much of the sixteen months he worked with them. Even when the Russians discovered the double cross, they could not be sure when the disinformation had begun.

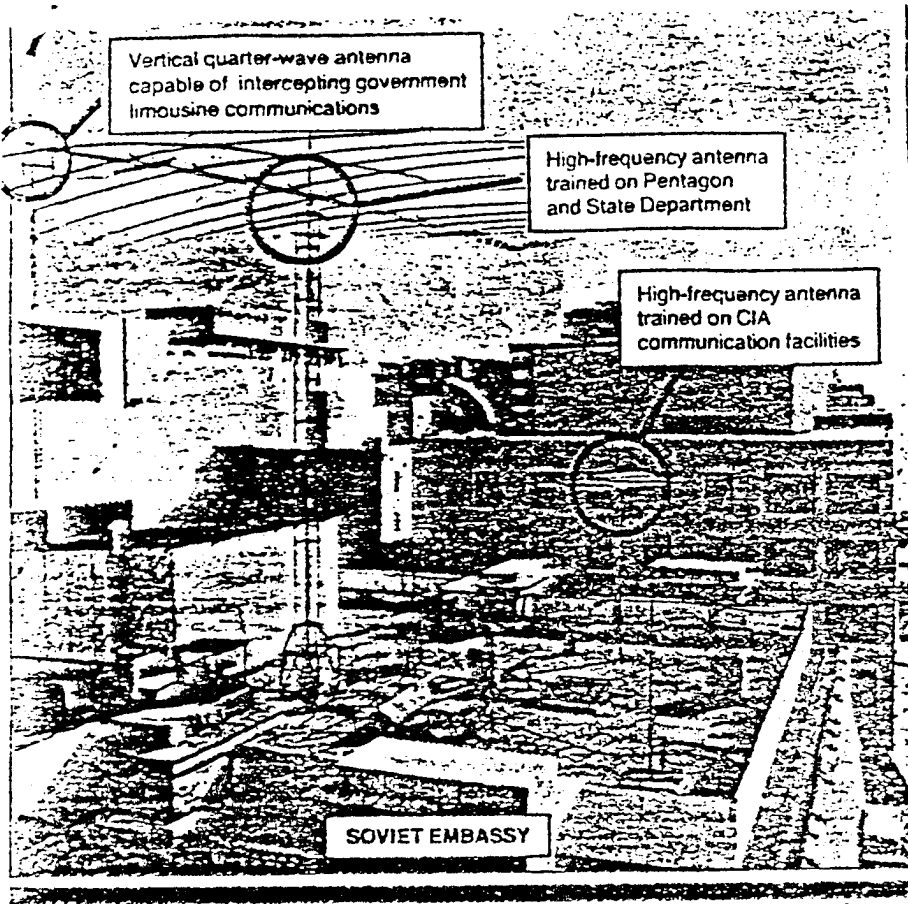
Still, the mounties can't always help the Feds get their man. Most espionage operations in the United States are broken only when the recruit tips off authorities (and officials never publicize 95 percent of these cases). FBI counter-espionage expert James Nolan is "impressed by the size of the Soviet effort ... their knowledge and success," although he doubts there is any widespread penetration of government and industry. Many intelligence experts say the KGB is crippled by its own paranoia, duplication of effort and a tendency to tailor reports to the party line.

How far should the United States go in fighting threats of espionage and subversion? Some top officials of the Reagan Administration have proposed granting much broader authority for the surveillance and infiltration of domestic groups, but many current intelligence officials think this unnecessary and, in a larger sense, counterproductive. "We have been able to do the job completely within the [Carter Administration] guidelines," says the FBI's O'Malley.

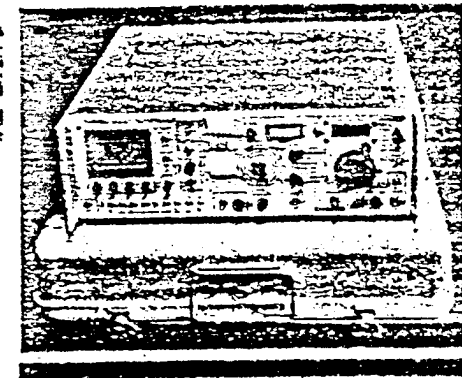
The Senate Intelligence Committee strongly agrees, and under pressure from that panel the White House last week indicated that it would withdraw and revise the controversial domestic spying plan. The important point is that a nation cannot be protected by compromising the democratic principles that have always provided its greatest strength. To whatever extent counterespionage may begin to blur distinctions between an open U.S. society and Soviet totalitarianism, the KGB will have scored a victory in its secret war.

DAVID M. ALPERN with DAVID MARTIN and ELAINE SHANNON in Washington, RICHARD SANDZA in San Francisco, RON LABRECQUE in New York and bureau reports

CONTINUED



Nast, seized microwave receiver: The technology trafficker is still free



The KGB's 'ears' at work: Listening for secrets—and sometimes, just plain gossip

Zacharski (left), target Bell: The money game

AP photos



UPI photos

AP

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ON PAGE 52

NEWSWEEK
23 NOVEMBER 1981

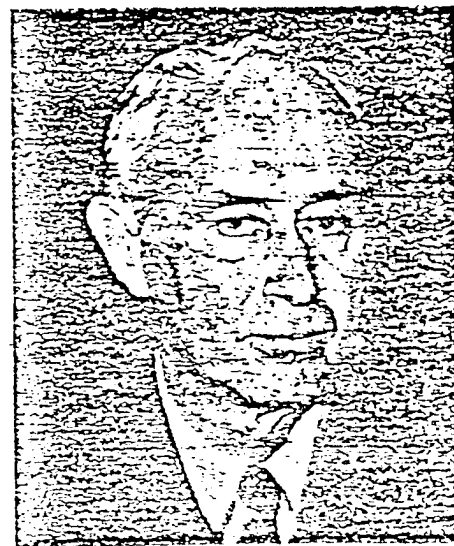
The Soviets' Dirty-Tricks Squad

The Russian word is *dezinformatsiya*, and a KGB manual defines it as "misleading the adversary." In fact, as currently practiced by the KGB, disinformation is far more—encompassing any forged document, planted news article or whispered rumor designed to discredit its enemies, especially the United States. Directed by "Service A" of the KGB's First Chief Directorate, disinformation is a key weapon in Moscow's running war of words with Washington. According to CIA estimates, the KGB's dirty-tricks squad commands 50 full-time agents and a budget of \$50 million a year. But that is only a small part of a \$3 billion propaganda apparatus that employs every conceivable Soviet "asset"—from Leonid Brezhnev and Tass to shadowy front organizations around the world.

Much of Moscow's anti-American propaganda is overt. Statements by Brezhnev decrying U.S. weapons policies, for example, can be judged by their source and swiftly denied. But disinformation is more subtle and difficult to combat. In 1979 Soviet diplomats spread rumors that the United States had orchestrated the seizure of the Grand Mosque in Mecca and that the Pakistani Army had engineered the burning of the U.S.

Embassy in Islamabad. The goals: to stir anti-Americanism in Islam, and to sow tension between the Carter Administration and Pakistani President Mohammad Zia ul-Haq. Other disinformation is spread by Soviet-controlled radio stations in Third World countries. During the Iranian revolution, the "National Voice of Iran" (actually broadcasting from the U.S.S.R.) blanketed Iran with charges that the CIA had assassinated Iranian religious leaders and was plotting to kill Ayatollah Ruhollah Khomeini.

Smear: A favorite disinformation ploy is to plant "news" items in foreign publications, then repeat the charges in the Soviet press. A classic case involved veteran U.S. foreign-service officer George Griffin. Assigned to the U.S. Embassy in Ceylon (now Sri Lanka) in the 1960s, Griffin was first identified—falsely—as a CIA agent by Blitz, a leftist Bombay weekly. In 1968 his name appeared in "Who's Who in the CIA," a bogus directory of American agents. More recently, an Indian news service accused him of organizing Afghan freedom fighters and even attempting to sabotage Indian Prime Minister Indira Gandhi's plane—charges Tass and Pravda trumpeted worldwide. Last June a Soviet newspaper printed a



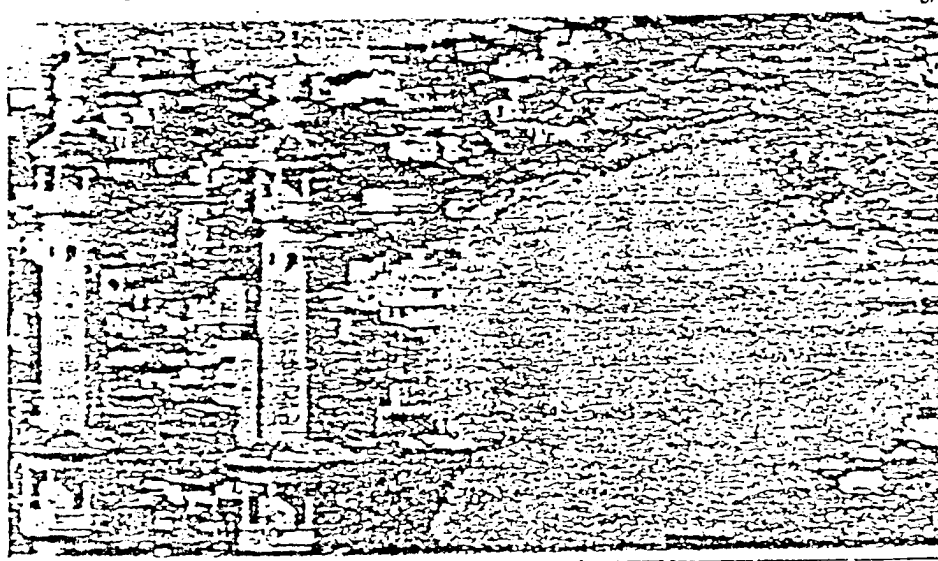
Ortiz: In Peru, the KGB said he was CIA

letter allegedly from Griffin threatening an Indian journalist. Despite repeated U.S. denials, the smear campaign succeeded. In July, Gandhi let it be known that Griffin's scheduled posting to the U.S. Embassy in New Delhi would be "too contentious," and his assignment was quietly withdrawn.

Why the long campaign to get Griffin? U.S. intelligence officials cannot answer the question with certainty, but the attacks may have been triggered during Griffin's days in Ceylon when he tried—in vain—to persuade a Soviet couple to defect. Soviet propagandists have started a similar campaign to discredit two new U.S. ambassadors—Harry Barnes in India and Frank Ortiz in Peru. Charges that Ortiz is a CIA agent first appeared in a leftist Peruvian newspaper and almost immediately were repeated in Izvestia.

Forgeries, such as the letter purportedly written by Griffin, play a key role in disinformation, often providing the "evidence" for spurious charges. Skilled at duplicating typefaces and watermarks, the KGB produces four or five major forgeries of official U.S. documents a year, according to the CIA. One of the most famous is a "top secret" 1970 U.S. Army field manual, bearing the forged signature of Gen. William Westmoreland, that orders U.S. troops abroad to provoke leftist groups into terror-

Mecca mosque under siege in 1979: Spreading tales that America was responsible



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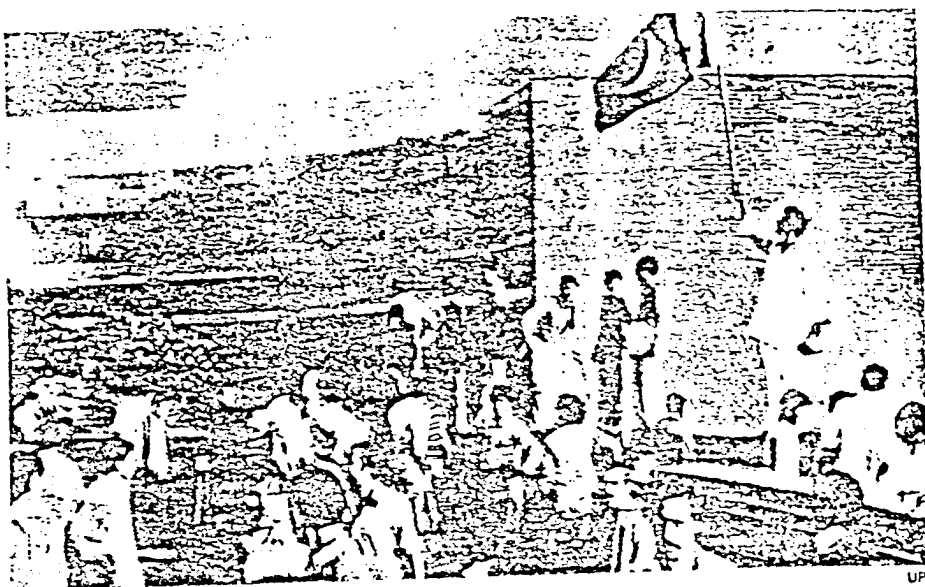
ist acts that would invite government retaliation. The forged manual gained attention in 1978 when a Spanish journalist—whom the CIA linked to Soviet intelligence—cited it as evidence that America was inciting the Italian Red Brigades. That, in turn, sparked speculation that the United States was behind the murder of Italian leader Aldo Moro. An unusually sophisticated effort, the field manual was flawed only in its top-secret classification—a designation real field manuals never bear.

'Convincing': Over the years such forgeries have been the basis for scores of disinformation stories in the foreign press. In 1979 a Cairo-based Muslim magazine printed a phony CIA document outlining ways to bribe members of Islamic groups opposed to the Camp David peace process. The same year a Syrian newspaper published a letter supposedly from Hermann Eilts, then U.S. ambassador to Egypt, urging CIA director Stansfield Turner to "repudiate" Anwar Sadat and "get rid of him without hesitation" unless Sadat did more to advance U.S. interests in the Mideast. Such fabrications catch on—particularly when they act to confirm popular suspicions of U.S. motives in a volatile region. **"They are convincing a lot of people,"** Martin Portman, a CIA operations officer, has said, **"not only in the Third World, but in some Western countries."**

Are the Western media themselves occa-

Griffin: A diplomatic posting derailed

Teresa Zabala—New York Times



The U.S. Embassy under attack in Pakistan: Sowing new tensions between countries

sionally manipulated by Soviet disinformation? That theory was advanced by the 1980 best-selling novel, "The Spike," supposedly a *roman à clef* in which co-authors Robert Moss and Arnaud de Borchgrave suggest that some Western journalists are unwitting dupes of Communist propaganda, while others are in the pay of the KGB. In France last year journalist Pierre-Charles Pathé was sentenced to five years in prison as a Soviet agent; he had printed Soviet disinformation in French magazines and an influential newsletter since 1959. In the 1950s, longtime CBS correspondent Winston Burdett admitted taking Soviet espionage assignments as a newspaper reporter for a brief period in the 1940s, and Soviet defectors have named Australian journalist Wilfred Burchett and former CBS and ABC correspondent Sam Jaffe as Communist operatives. (Both men deny the charge, and the CIA has officially exonerated Jaffe.) "It would be foolish to contend that the U.S. Government can be penetrated, U.S. defense contractors can be penetrated and the U.S. press cannot be penetrated," says Frank Carlucci, the former deputy CIA director who is now Deputy Secretary of Defense.

Still, most American experts on the KGB doubt that the Soviets have made any sig-

nificant headway within the American press. "What could such journalists do for their Kremlin employer?" asks Harry Rositzke, who spent 25 years watching the KGB for the CIA. "Could they pass a pro-Soviet slant through the hierarchy of news rooms and editorial boards in metropolitan newspapers? The insertion of Moscow-tailored items or attitudes would stick out like a red thumb." Some conspiracy buffs argue that the Western press seems all too eager to expose excesses by the CIA while making little effort to expose Soviet infiltration. American journalists do tend to question actions and explanations from government sources—but it is that very freedom and skepticism that sets the Western press apart from its Eastern counterparts.

In the end, the question of subtle Soviet influence in the American media is dwarfed by the concerted KGB campaigns to defame career diplomats, destroy trust between nations or incite revolutions. Taken separately, each of the wounds *dezinformatsiya* inflicts on America's reputation may seem minor. But the nicks and cuts add up and promote the ultimate goal of the KGB's Service A: the undermining of worldwide goodwill toward the United States.

MELINDA BECK with DAVID C. MARTIN
in Washington and bureau reports

TAB C

SOVIET COVERT ACTION (THE FORGERY OFFENSIVE)

HEARINGS BEFORE THE SUBCOMMITTEE ON OVERSIGHT OF THE PERMANENT SELECT COMMITTEE ON INTELLIGENCE HOUSE OF REPRESENTATIVES NINETY-SIXTH CONGRESS SECOND SESSION

FEBRUARY 6, 19, 1980



U.S. GOVERNMENT PRINTING OFFICE
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SOVIET COVERT ACTION¹

WEDNESDAY, FEBRUARY 6, 1980

HOUSE OF REPRESENTATIVES,
PERMANENT SELECT COMMITTEE ON INTELLIGENCE,
SUBCOMMITTEE ON OVERSIGHT,
Washington, D.C.

The subcommittee met, pursuant to notice, at 2:10 p.m., in room H-405, the Capitol, Hon. Les Aspin (chairman of the subcommittee) presiding.

Present: Representatives Aspin (presiding), Boland (chairman of the full committee), Ashbrook, Young, Whitehurst, and McClory.

Also present: Thomas K. Latimer, staff director; Michael J. O'Neil, chief counsel; Patrick G. Long, associate counsel; Jeannie McNally, clerk of the committee; and Herbert Romerstein and G. Elizabeth Keyes, professional staff members.

Mr. ASPIN. The purpose of today's hearings is to apprise the committee of the Soviet use of propaganda and covert action against the United States in the formation of foreign policy, and the particular focus of today's hearing is going to be on forgeries as part of the use of Soviet covert action machinery.

The witnesses today are Mr. John McMahon, the DDO, who is accompanied by Richard H. Ramsdale and Martin C. Portman. They are the three at the witness table.

We do need a vote to close the hearings.

Mr. ASHBROOK. Mr. Chairman, I will move that the meeting be closed pursuant to the rules.

Mr. ASPIN. All right.

Call the roll.

Ms. McNALLY. Mr. Aspin?

Mr. ASPIN. Aye.

Ms. McNALLY. Mr. Boland?

Mr. BOLAND. Aye.

Ms. McNALLY. Mr. Ashbrook?

Mr. ASHBROOK. Aye.

Ms. McNALLY. Three yeases, Mr. Chairman.

Mr. ASPIN. Thank you.

Congressman Ashbrook, would you like to make a statement?

Mr. ASHBROOK. Well, really not a major statement, I would just like to join the chairman in welcoming John McMahon and his associates. I point out that in recent years we have heard much in the papers, Congress and elsewhere about CIA covert action, but rarely do we hear

¹ Edited by Central Intelligence Agency and declassified.

I have not looked at the stuff in the folder here, but you have here, for example, the forgeries which, since 1976, fall into three groups, and I am talking about that single forgery, the bogus U.S. Army field manual it says here, exploited repeatedly to support unfounded allegations that the United States acts as the agent-provocateur behind the various foreign terrorists, and particularly the Italian Red Brigades. I would have thought on the fact that that would be a tough thing to show. I mean, is that really what they are using the thing for? Are they convincing anybody of that?

Mr. PORTMAN. They are convincing a lot of people not only in the Third World but in some of the Western countries, too. Basically that forgery tries to show two things. It is a detailed field manual at a top secret level that General Westmoreland supposedly was to have assigned at the time that the Soviets put it out. One message states that the military and civilian security intelligence services of the United States, when they maintain liaisons abroad, use this as a cover to penetrate and manipulate the foreign governments. The second big message states that the United States establishes relationships with what appear to be leftist organizations and manipulates them in order to try to discredit communism and leftwing organizations. It is on this latter point that the Soviets then made accusations at the time that Aldo Moro was murdered in Italy—that the initial response of the Italian and the Western press was that it was the Red Brigades who murdered Moro, and the Red Brigades were far leftists who had ties with the Soviet Union. Stories circulated in Italy at the time that these Red Brigade members were trained in Czechoslovakia. The Soviets then, in reaction to this, among other things placed an article in the World Marxist Review, which is also called the Problems of Peace and Socialism, which is their international Communist journal. The Soviets wrote an article analyzing the situation in which they said that it was CIA that was secretly manipulating the Red Brigades who murdered Aldo Moro, the Soviets then cited the phony field manual as proof of this charge, because this field manual supposedly instructs CIA and the other services to get out and manipulate leftist organizations. So in this case the forgery was used to reinforce their allegation. The Soviet charge was picked up in some of the Italian press; a couple of the newspapers questioned it, but there were three or four of them that didn't.

Mr. McMAHON. Although the manual had some flaws in it, it was a very professional job and did have the forged signature of General Westmoreland, so the authenticity of the document was accepted on face value just because it looked real.

Mr. BENJAMIN. I raised the same question that you did once to an Italian lawyer I know, and I said, why would a man in Italy be convinced that the CIA might be behind the Red Brigades, because most people think if they are Red they are left. He said, you miss the point. He said, many people in Italy believe that the Red Brigades are black, that is Fascist, that they are controlled and manipulated by extreme rightwing groups that are supported and funded by CIA. For many people in Italy, it is a very logical connection between the two. It only remained for the Soviets to provide some kind of documentary basis for this.

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