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100TH CONGRESS
1st Session

SENATE

REPORT
100-154

REPORT ON SECURITY AT THE UNITED STATES
MISSIONS IN MOSCOW AND OTHER
AREAS OF HIGH RISK

REPORT

OF THE

SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE



SEPTEMBER 9, 1987.—Ordered to be printed

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REPORT ON SECURITY AT THE UNITED STATES MISSIONS
IN MOSCOW AND OTHER AREAS OF HIGH RISK

SEPTEMBER 9, 1987.—Ordered to be printed

Mr. BOREN, from the Select Committee on Intelligence,
submitted the following

REPORT

I. INTRODUCTION

Since its inception, the Select Committee on Intelligence has accorded a high priority to security programs designed to combat the foreign espionage threat against the United States. The Committee has recommended a number of initiatives over the years, primarily in four areas: (1) improving the effectiveness of counterintelligence and security programs through budget authorization and oversight hearings; (2) reducing the hostile foreign intelligence presence in the United States; (3) providing a comprehensive, analytical overview of the entire national counterintelligence and security effort; and (4) improving what the Committee identified three years ago as a seriously deficient security situation at the U.S. Embassy in Moscow.

BUDGET AUTHORIZATION AND OVERSIGHT

The Committee has believed for some time that those charged with carrying out security programs for the national security and intelligence communities have received neither the resources adequate to fulfill their responsibilities nor the necessary recognition for their missions. Resource constraints and inadequate staffing limited the effectiveness of many counterintelligence and security programs. In an attempt to address this problem, this Committee has provided increased funding and manpower. In response to the Committee's urging and with authorizations for counterintelligence programs, the Federal Bureau of Investigation, the Department of Defense, and the CIA have improved counterintelligence programs and career opportunities. Between FY 1980 and FY 1985, over 2,200 new counterintelligence positions were created. The Committee also authorized, and Congress approved, additional funds to

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strengthen the FBI's technical surveillance and data processing capabilities.

The Committee has urged counterintelligence analysts to recognize that the threat goes beyond the traditional use of human agents and includes collection denial and possible deception aimed at U.S. technical systems.

Beginning in the early 1980's, the Committee supported the institution of a comprehensive, interagency counterintelligence policy to better coordinate countermeasures against hostile intelligence initiatives. In 1982, the Directors of the CIA and FBI instituted measures to tighten cooperation in counterintelligence.

In 1985-86, the Director of Central Intelligence created new positions for a National Intelligence Officer and a small inter-agency analytic staff to assess hostile deception efforts. The CIA's Directorate for Intelligence also established a unit to analyze the activities of foreign intelligence services engaged in hostile actions against the United States. These two initiatives have contributed to an expansion of Executive branch multidisciplinary counterintelligence analysis and a heightened sensitivity to the implications of major security breaches for intelligence analysis of the Soviet Union.

THE HOSTILE FOREIGN INTELLIGENCE PRESENCE

The Committee has been increasingly concerned about the growing number of Soviets posted in the United States for purposes of espionage. The Committee has consistently recommended reciprocity of treatment and equivalence in the size of the Soviet-bloc official presence here and the U.S. official presence in the Soviet Union and Eastern Europe.

In response to restrictions placed on U.S. diplomatic personnel posted in Soviet-bloc countries, and in an attempt to keep closer track of bloc personnel serving in this country, the Congress in 1982 passed the Foreign Missions Act. The Act created the Office of Foreign Missions in the State Department, which was empowered to impose restrictions and conditions upon certain foreign Embassies here comparable to those imposed on counterpart U.S. Embassies. This legislation also provided for certain restrictions to be placed on travel in the United States by Soviet and other diplomats, and required that diplomats' cars carry distinct license plates, thereby enabling the FBI's counterintelligence units to monitor more easily any suspect activities.

The 1985 Committee report, "Soviet Presence in the U.N. Secretariat," outlined several serious aspects of Soviet espionage activities in the United States. A review of bilateral equivalence resulted in the requirement, contained in the FY 1986 Intelligence Authorization Act, that the President provide the House and Senate Intelligence Committees, the Senate Foreign Relations Committee, and the House Foreign Affairs Committee with annual reports of any disparities between the size of U.S. overseas missions and the size and treatment accorded corresponding missions from other countries in the United States.

Committee Members introduced legislation to mandate equivalency in the size of the Soviet and U.S. diplomatic missions to the United Nations and in the size of the Soviet Embassy and consular

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staffs here and those of the United States in the Soviet Union. As a consequence of the Leahy-Cohen amendments of 1985 and 1986, the United States moved toward essential equivalence with the Soviet Union in its diplomatic and consular presence, and the Soviet Union was compelled to reduce sharply the size of its U.N. mission and its diplomatic and consular presence in the United States. By relying on the FBI to designate the specific individuals that had to leave, the U.S. Government was able to impair the large KGB presence in both New York and Washington, D.C.

COUNTERINTELLIGENCE REPORT

In 1986, the Committee published a detailed report, "Meeting the Espionage Challenge: A Review of United States Counterintelligence and Security Programs," in an effort to stimulate improvement in the protection of sensitive information from the threat of foreign acquisition. The study was written in close cooperation with the National Security Council Staff and the Intelligence Community Staff, which were reviewing the same subject for the White House. The final document contained over a hundred specific findings and recommendations. The White House set forth dozens of new security initiatives in its own classified report on counterintelligence and many proposals that had languished in the bureaucracy were elevated to the policy level for consideration and adoption.

MOSCOW EMBASSY

Among other things, "Meeting the Espionage Challenge" described the Committee's long-standing concern for the security of the U.S. Embassy in Moscow against the hostile intelligence assault of the KGB.

In June 1985, a FBI counterintelligence expert detailed in testimony before the Committee the espionage opportunities enjoyed by the Soviets because of United States employment of over 200 Soviet nationals in support positions at the Moscow Embassy, and the corresponding disadvantage suffered by U.S. counterintelligence due to the Soviet practice of employing only their own citizens in comparable support positions at their diplomatic missions in the United States. At this hearing, witnesses also testified regarding the 1984 discovery that typewriters at the Moscow Embassy had been bugged with sophisticated electronic transmitting devices which gave the Soviets access to some Embassy communications.

In 1985, the Committee received its first testimony indicating that there was strong evidence that the Soviets had succeeded in incorporating a complex and comprehensive electronic surveillance system into the structure of the new U.S. Embassy under construction in Moscow, even though the Intelligence Community had been in possession of indications of such penetration since 1982.

In recognition of the need for immediate improvements, the Committee voted to authorize a \$50 million supplemental appropriation in FY 1985 for security countermeasures at U.S. overseas missions. The Department of State objected to the provision which directed the administration of these funds by the CIA. As finally enacted by the Congress, the appropriation was trimmed to \$35 million and the Department of State was named as one of the agencies to

which the money was to be allocated. The State Department, working with intelligence experts, used some of this appropriation to establish more secure procurement, storage, transport, installation, and repair of typewriters and other equipment used in the Moscow Embassy and other diplomatic missions abroad.

In December 1985 and October 1986 staff delegations went to Moscow to see the situation first-hand. After inspecting both the old and new Embassy buildings and conducting extensive interviews with Embassy personnel, the staff produced two reports that detailed a still grim picture of small improvements and large remaining vulnerabilities.

Parallel initiatives in the Senate have contributed to an increasing awareness of counterintelligence and security problems. In 1985 and 1986, Senator Chiles highlighted construction problems with the new embassy in Moscow. As a result, Congress mandated a structural evaluation of the new chancery by the National Bureau of Standards. The Senate Appropriations and Foreign Relations Committees have sent delegations to Moscow to inspect the old and new facilities. In 1986, at the request of the Foreign Relations Committee, the General Accounting Office prepared a report on security at U.S. Embassies overseas. Congress also passed the Omnibus Diplomatic Security and Antiterrorism Act to fund over five years a \$2.4 billion program to strengthen security at U.S. overseas diplomatic posts, as well as an appropriation for the first two years of the program.

II. SECURITY PROBLEMS AT THE U.S. EMBASSY BUILDINGS

THE CURRENT EMBASSY COMPLEX

Committee staff members who visited the Embassy complex in December 1985 and October 1986 noted a number of significant security weaknesses, despite upgrades that had been introduced over the last two years.

In 1985, the Committee staff found that "secure" areas were equipped with an obsolescent alarm system similar to those used in apartment buildings in the United States. An improved alarm system, which had not yet been installed, had been stored in nonsecure space. Both the old and new alarms were dependent upon the attentiveness and reliability of a single Marine Guard manning the main guard post in the secure area. Committee staff also noted that the Marine Guard Detachment did not have especially high morale at this post.

Security awareness was seriously deficient in 1985. During working hours secure areas were susceptible to access by unauthorized persons, alarm systems were frequently shut off, and sometimes the doors to secure areas were left open. After working hours, frequent incidents of apparent false alarms bred a lack of urgency in responding to those alarms. By contrast, by late 1986, new locks and alarms had been installed, and the State Department's Regional Security Officer had begun to make real progress toward improving security awareness.

Soviet sophistication in technical penetration operations and the uncertain physical security at the Embassy prompted concern in 1985 regarding the designated sensitive areas of the Embassy and

The Committee heard testimony that the Marine Guard compromises, taken with previously existing security and structural problems in the current Embassy building, will require many millions of dollars to repair. The Department of State has already asked for some of those funds, and more are likely to be needed over the next 2-3 years.

Testimony presented to the Committee also indicated that it will be difficult even to state how Soviet technical penetration of the new chancery building might be successfully combated, let alone to actually effect such a program of neutralization. Although several Executive branch agencies and special boards are considering possible steps of this sort, witnesses indicated a clear lack of confidence that any measure could guarantee a secure chancery building in which sensitive conversations and communications would be truly protected.

The Committee heard further testimony regarding the basic flaws in State Department security organization and practices. One expert witness made a strong plea for the budgetary protection of State Department technical security programs from competition from other State Department programs. A State Department official conceded that the Department had attempted, earlier in this fiscal year, to reprogram funds out of technical security. Congressional opposition had prevented that debilitating action from being effected. It was also noted that the Bureau of Diplomatic Security has a difficult time recruiting and retaining expert technical personnel, due to the rigidity of a Foreign Service personnel system that is designed for categories of employees other than the sort that are needed for technical security functions.

At the end of the series of hearings, the question of whether the organization of the State Department for handling questions of security should be revised was discussed. A State Department official acknowledged that security functions in the Department are divided among three offices at varying levels within the Department, all of which must report through the Undersecretary in order to reach the Secretary. It was agreed that the security functions in the three offices be combined. A proposal based upon this idea is incorporated in the recommendations of this report.

III. DIPLOMATIC SECURITY AUTHORIZATION

FY '88 is the third year of the State Department's five year program to implement the recommendations of the Secretary's Advisory Panel (Inman Report) on embassy security. Expenditures in the first two years focused on physical security measures intended to harden U.S. diplomatic facilities against terrorist or mob attacks. The FY '88 authorization request, however, focuses on technical security against the hostile intelligence threat. Recent events in Moscow certainly suggest this emphasis is appropriate, if not overdue.

The FY '88 request include \$104 million in new monies for technical security. The major categories of expenditure are as follows:

Support for positions and programs already in place plus increased costs due to currency fluctuations and inflation	<i>Millions</i> \$30
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	<i>Millions</i>
Program increases for:	
Construction security including guards and other measures to protect construction sites.....	25
Technical security in new diplomatic facilities including protection against technical penetration attempts, the replacement of foreign nationals by U.S. citizens as computer operators, and the procurement of specialized equipment.....	16
Protection of office equipment, intended for use at the Moscow Embassy and other overseas missions, through its life cycle from procurement to installation and repair.....	15
Security protection (guards, vehicles, equipment) for American officials, including the Secretary of State, traveling overseas and foreign dignitaries visiting the United States.....	8
Interagency counterterrorism research and development.....	9
Training of security personnel and provision of secure storage for equipment prior to shipment.....	1

In the judgment of the Intelligence Committee, these expenditures are all justified and appropriate.

The budget authorization request was developed before the recent revelations involving the Marine guards in Moscow. The State Department, in conjunction with the CIA and the National Security Agency, is preparing a supplemental budget authorization request. It will take several weeks to develop the request, which will cover the costs of removing, replacing, and painstakingly analyzing equipment that may have been compromised as well as renovating and examining facilities that may have been penetrated.

IV. RECOMMENDATIONS

The Committee has concluded that fundamental long-term changes are necessary in the way the United States conducts its mission in Moscow, other high-threat areas, and elsewhere. If security is to become a reality in our Embassies, the short-term fixes and patchwork approach of the past must be scrapped. Instead, the Congress and Executive must commit themselves to a program of institutional reforms that meet the challenge directly.

RECOMMENDATION 1: DEMOLISH THE NEW MOSCOW CHANCERY BUILDING

Overwhelming evidence indicates that a highly organized and sophisticated effort by the Soviet Union has compromised the technical security of the new Chancery. A significant level of doubt will always exist concerning our ability to conduct secure activities in the building. There is no assurance that these problems can be solved adequately, short of total demolition. Accordingly, the Committee recommends that the Chancery be destroyed and that planning be started to construct a secure facility.

The Committee recognizes that demolishing an office building in which \$23 million and the considerable energies of specialists in the field have been invested is a difficult and potentially controversial recommendation. However, failure to take action, even at this late date, would obligate further sizable expenditures in the future to no foreseeable gain. The fact that drastic remedial measures have not, until recently, been given due consideration should not affect the imperative to act now.

Such an effort must be thoroughly coordinated, however, within the diplomatic and intelligence communities of the United States Government. We must concede less in our negotiations with the Soviet Union in order to prevent a repeat of previous mistakes and mismanagement. The Soviets should be put on notice that the State Department will negotiate a new set of construction agreements that meet our security requirements. Past mistakes, such as allowing the Soviets the ability to prefabricate major sections of the Chancery offsite and making use of Soviet construction workers, cannot be repeated. Furthermore, the United States must not allow the Soviets to occupy their new Chancery on Mt. Alto until we can occupy a new Chancery with a reasonable assurance that it has not been compromised. The State Department must plan for the continued long-term occupation of the existing U.S. Embassy in Moscow and make the structural and security modifications necessary to conduct secure operations and communications.

The Committee recognizes that demanding reciprocity in regard to the U.S. and Soviet Chancery buildings may not adequately address security dilemmas presented by the occupation of the residences on Mt. Alto by the Soviets. The Committee suggests that this matter merits further intensive consideration by the intelligence and diplomatic communities and recommends that consideration be given to removing the occupants of the residences in the United States and the Soviet Union until such time as the security concerns of the Committee are resolved.

RECOMMENDATION 2: CONSOLIDATE THE SECURITY, EMBASSY CONSTRUCTION, AND FOREIGN MISSION PROGRAMS OF THE STATE DEPARTMENT

The record demonstrates that the security and building functions of the State Department are fragmented and are scattered in at least three different major organizational units. This is a significant reason for the security breakdowns in the Moscow Embassy program. While creation of the new Bureau of Diplomatic Security is a positive improvement of the Omnibus Diplomatic Security and Antiterrorism Act of 1986, more needs to be done before Congress can be assured that security concerns are considered at the highest policy levels and that resources are efficiently and effectively spent in the future.

Accordingly, the Committee recommends that the Bureau of Diplomatic Security, the new construction element of the Foreign Buildings Office, and the Office of Foreign Missions be consolidated into a single new organizational unit. Furthermore, it recommends that this unit be directly responsible and accountable to the Secretary of State.

Furthermore, the Committee requests the Director of Central Intelligence to certify to the Committee the security conditions of all existing Embassy facilities, and of all new facilities prior to their occupation.

RECOMMENDATION 3: FENCE DIPLOMATIC SECURITY FUNDING

Consolidating the management of the diplomatic security and building function is only a first step in assuring a vigorous and successful long-term counterintelligence effort. In addition, protection

training opportunities should be provided. The Committee hopes this will contribute to a fuller understanding of the goals and perspectives, of all government agencies involved.

The Committee recognizes that security awareness is sometimes not considered part of the "culture" of the foreign service. Events show, however, that the day of "gentlemen not reading other gentlemen's mail" passed long ago. Accordingly, the Committee recommends that the Secretary of State strengthen Department efforts to provide more effective security awareness and training before overseas assignments, increase the authority of Regional Security Officers at overseas missions, and reemphasize the ultimate accountability of Ambassadors for Embassy security. In cases of negligence and malfeasance of duty, the Department of State must act quickly to assess accountability and implement necessary disciplinary actions.

This Committee recognizes that personnel from government agencies other than the State Department comprise a significant part of an Embassy staff. In many cases career Foreign Service Officers are in a minority. This results in fragmentation and uneven levels of counterintelligence training at overseas posts. Therefore, the Committee recommends that an office be established to serve as the focal point for security awareness and counterintelligence training for all U.S. Government personnel from outside the national security arena (e.g. the Departments of Commerce and Agriculture), as well as from agencies under the Department of State (e.g., AID and USIA), who are assigned to overseas missions. In addition, this office should be the final authority for judging the suitability on counterintelligence grounds of personnel who are assigned from any agency to U.S. Embassies.

The State Department also needs to provide for greater emphasis on the counterintelligence implications of certain conduct by Embassy personnel, including Marine Guards. Cases of misconduct in Communist bloc countries, such as fraternization or "black market" involvement, ought to be routinely investigated, using polygraph examinations, as appropriate, for possible indications of espionage.



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