

FROM THE DDCI

On 5 July of this year I asked the President to accept my resignation as Deputy Director of Central Intelligence effective 1 August.

It was a most difficult decision. We have successfully come through some difficult times together in recent years. More change looms on the horizon, and properly so. Dealing with these challenges will be an exciting task. But in the end, having weighed all the factors, I concluded that it would be in the best interests of the Agency and the nation's intelligence effort if I stepped aside now to facilitate the Director's task as he prepares to make decisions about new organizational forms and the kind of new leadership that he will need to carry out his future plans.

The Director of Central Intelligence confirms that the Deputy Director of Central Intelligence, Mr. E. Henry Knoche, submitted his resignation to the President on 5 July, to be effective on 1 August 1977. The President has not yet nominated a successor. There are no plans for forced retirements or removals of any top CIA officials. There are no plans for major changes in the CIA organization at this time.

# Washington Whispers

Behind the surprise resignation of the Central Intelligence Agency's No. 2 man, E. Henry Knoche, is a bitter controversy that pits the Agency's professional intelligence ranks against the new Director, Adm. Stansfield Turner. The quarrel centers on a plan by Turner to overhaul the CIA and place his own people in charge of clandestine operations.

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JUL 18 1977

## Congress Should Find Out Why CIA Deputy Resigned

THE RESIGNATION last week of the No. 2 man at the Central Intelligence Agency, Mr. E. Henry Knoche, is clouded with secrecy and rumor.

Mr. Knoche, a 24-year veteran of the agency who has run its day-to-day operations since 1976, is supposed to have come into conflict with the new CIA director, Adm. Stansfield Turner.

But the reasons for Mr. Knoche's resignation are still hidden deep in the shadows. Sources, who speculated others would follow Mr. Knoche's lead, said he had disagreed sharply with Admiral Turner's programs and policies, but would not be specific about the disagreements. In a letter written to CIA employees explaining his resignation, Mr. Knoche left no clue.

Mr. Knoche was an unusual top-level CIA official in that he came from the agency's analysis division, instead of its clandestine service. Many observers have thought that the CIA's major troubles stemmed from the agency's propensity to engage in "dirty tricks" operations. These observers have argued that the CIA's proper role was to analyze and understand political, economic and military trends in foreign countries, rather than trying to influence them.

Therefore, Mr. Knoche's rise in the CIA administration was seen by many as a sign that the agency was shifting, however slightly, to a more proper course.

And during his confirmation hearings, Mr. Knoche was asked his response if ordered to do something he considered illegal or unconstitutional. He said he would have three choices: "Resign, go public or come quietly to the (Senate Intelligence) committee."

One of the plans which Admiral Turner is reported to be considering is to have Congress create a "czar" who would exercise direct control over the entire intelligence community — the CIA, the Defense and State departments' intelligence operations.

Some have questioned whether such centralized control would only make these agencies even more susceptible to abuse. For one example, the czar would be in a position to homogenize the intelligence reports so that they presented only one viewpoint. The czar's impact on foreign policy making would be stupendous.

It is not known whether Mr. Knoche opposed Admiral Turner on this matter. As a career analyst, he might have thought such a plan would limit the scope of this country's intelligence and not provide necessary diversity.

And the trouble is that no one knows why Mr. Knoche is leaving. His resignation reportedly took the congressional oversight committees by surprise. The committee members should find out why Mr. Knoche is quitting.

## *CIA: Past, Present, Future*

WHEN ADMIRAL Stanfield Turner became director of the Central Intelligence Agency, he faced the onerous task of giving credibility to those invariable references to "widespread abuses of the past." It was not enough to leave the nation with the impression that the CIA had once behaved as though it retained the Mafia as general counsel.

The hard approach of a housecleaning at headquarters was expected from President Carter's original nominee for director, Theodore C. Sorensen. But the former Kennedy aide was beaten back by CIA friends in the Senate.

No one knew what to expect from Adm. Turner, the Sorensen substitute. As it turns out he has followed his own path, attempting to manipulate the considerable public pressure for reform into broad reorganization of the nation's intelligence agencies under a single directorship, presumably to be occupied by himself.

His course has left most guessing while satisfying none. But those who are, most disgruntled, members of the intelligence establishment, are having their feelings aired with the resignation of CIA Deputy Director E. Henry Knoche, a

career officer unassociated with past abuses. He has been opposed to both Turner's self-aggrandizement and his management, which has been described as stand-offish and abrasive.

The White House had begun to evaluate the Turner plan and to question its worst effect, the homogenizing of intelligence estimates now dispersed among the National Security Agency, the CIA and Defense and State departments.

Thus Mr. Carter's substitution of an unknown military figure for a proponent of solid reform has become a personal embarrassment to himself. The controversy moreover has become an additional obstacle to legislative safeguards against abuse by intelligence gatherers.

To restore public faith in the agencies and in the function of intelligence, Mr. Carter must show a fresh commitment to the unfinished business of true reform. He has the chance to do this in searching for Mr. Knoche's successor.

It will be a grave mistake and a missed opportunity if Mr. Carter chooses, as he appears about to, a deputy director from among the vested ranks of those touched by the agency's incredible past.

A 23  
WASHINGTON POST*Rowland Evans and Robert Novak*

# Intelligence Signals: A Defeat for Turner

Rejection by President Carter of CIA Director Stansfield Turner's bid for control over the National Reconnaissance Office (NRO), one of the nation's most important spy agencies, signals at least temporary decline in Turner's soaring bureaucratic power.

That rejection, not yet announced, was decided on late last week when Defense Secretary Harold Brown and the military high command convinced top White House aides that the Pentagon must retain control over NRO's espionage activities. These include such essential spying operations as picture-taking from high altitudes by satellites and U-2-type aircraft, sampling air particles and intercepting communications.

A compromise has been pieced together, at Brown's suggestion, that will give Turner partial control over NRO's budget. But as one of the President's chief advisers told us, "Not even Stan Turner could pry NRO away from the military. It's the life-blood of their war planning."

The battle swirling around President Carter involves NRO and other parts of the pending intelligence reorganization, embodied in options called Presidential Review Memorandum No. 11. There has been no fiercer struggle in the young Carter administration. Memorandum No. 11 went to Carter on July 13, with strong indications that he was leaning toward giving Turner what he wanted: overall control of NRO, with power to dictate use of its "assets."

Brown's counterattack gained the backing of Budget Director Bert Lance and National Security Director Zbigniew Brzezinski. Their potency postponed the decision and then persuaded the President that, except for budgetary oversight, NRO should stay with the Air Force.

The defeat for Turner may prove temporary. Having played a major role in killing the President's widely ac-

claimed Foreign Intelligence Advisory Board, Turner has powerful allies in Congress. The Senate Intelligence Committee is working on a reorganization that favors Turner's centralization plans.

Moreover, the President and the Senate committee reached informal agreement several months ago to work together in reorganizing the CIA and the entire intelligence community. The Senate committee is now leaning toward complete transfer of NRO budget and operational authority from the Pentagon to the Director of Intelligence.

Nevertheless, Turner's rapid escalation in a brief four months to become a Carter confidant has been slowed, a political fact transcending the battle over control of NRO. A part of that deceleration was bad staff work inside Turner's office, which trapped him in an embarrassing mistake last week that the Pentagon has been at pains to point out.

The General Accounting Office, the congressional watchdog agency, asked Turner about the Pentagon-approved sale of \$1.2 billion in highly specialized radar aircraft (AWACS) to Iran. In response, Turner sent a highly publicized written reply that certain top-secret equipment on the aircraft could jeopardize U.S. security. Infuriated by this flanking attack, Defense Secretary Brown telephoned Brzezinski to say that none of the seven AWACS planes contained the top-secret equipment (a coding machine).

That's not all. Turner inherited a vast bureaucratic empire torn to shreds by repeated congressional investigations, by alleged confessions from ex-agents, by exploitation of politicians and by suspicions of allied intelligence agencies that it is no longer secure. Morale problems he inherited four months ago have lingered and even multiplied.

Critics of the admiral claim he wants control over NRO because clandestine operations in the old style are now passé, no longer productive and totally unacceptable to frightened politicians. Turner flatly denied that allegation to us. Although his own study of all present CIA undercover operations has produced some deficiencies, he added, it has revealed no major mistakes.

But the form taken by Turner's study of clandestine operations has produced new anger inside the CIA. Turner gave his proxy to a private management consultant named Robert D. (Rusty) Williams, with a \$47,500 government salary and carte blanche powers to hunt through the darkened closets of secret operations.

Fairly or not, Williams is now bitingly referred to as "super-sleuth" by old CIA hands, some of whom are convinced Turner means to name him to a permanent CIA job near the top.

Added to these morale problems was last week's leak that Turner had ousted longtime CIA professional Henry Knoche as deputy director. Turner told us he had nothing to do with the leak and deeply resented it. He wanted Knoche's departure—and that of perhaps many other senior officials—to await the President's final reorganization plan.

While not responsible, Turner was damaged by the leak—damage that reached into the Oval Office itself, where Jimmy Carter had often been heard to praise Knoche. Coincidentally, his first defeat on the bureaucratic reorganization followed soon after.

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## THE WEEK IN REVIEW

### Trouble Topside At the C.I.A.

The unhappy Central Intelligence Agency, much criticized from without, suffered two more blows, this time from within.

The agency's respected second-rank-

ing official, E. Henry Knoche, resigned last week after 24 years, apparently reflecting widespread dissatisfaction among professional intelligence analysts with the leadership of the new agency director, Adm. Stansfield Turner.

And the agency admitted that it had conducted further clandestine drug experiments in previous decades.

The Admiral was given a mandate by President Carter to help reorganize the intelligence community to prevent a recurrence of the abuses of recent years and to improve the community's ability to provide accurate information to policy planners. But many of the agency professionals, like Mr. Knoche, have been disturbed both by the kind of changes the new director has in mind and by the manner in which he has been trying to implement them.

Admiral Turner has proposed merging the C.I.A. and the other intelligence-gathering arms of the Government into a single unit to insure ac-

countability to the President—a proposal that Mr. Carter has yet to endorse and which would require Congressional approval. The professionals disagree, however, because they feel that the C.I.A. would lose its singular value and hence its importance.

Mr. Turner's formal military manner evidently has not helped matters. Some career agency officials reportedly considered him remote.

President Carter is reportedly considering as Mr. Knoche's successor Lyman B. Kirkpatrick, a former high official of the agency. As inspector general in the 1950's, one of Mr. Kirkpatrick's tasks was investigating LSD experiments that a Senate committee later declared to be unauthorized and abusive.

The experiments reported last week by the agency were similar. They involved persons who had not given informed consent—including alcoholics, addicts and terminal cancer patients—before being given knockout drugs.

WASHINGTON POST

# CIA Says It Has New Details Of Its Drug Tests on Humans

By Robert G. Kaiser  
Washington Post Staff Writer

The White House revealed yesterday that the Central Intelligence Agency has uncovered new details of its own experiments with exotic drugs from 1953 to 1984.

In what appeared to be a pre-emptive announcement to the press, the White House released a letter from CIA Director Stansfield Turner to Sen. Daniel K. Inouye (D-Hawaii), chairman of the Senate intelligence committee, briefly describing the new evidence found in CIA files.

The White House did not release any detailed information on the new discoveries, however, and what it did release added very little to the documented history of CIA drug experimentation—including the administration of drugs like LSD to unwitting human guinea pigs—revealed by Sen. Frank Church's (D-Idaho) investigation of the agency.

The Senate Intelligence Committee plans to hold public hearings on the new information next week, probably on Wednesday or Friday, and the skimpy outline of facts released yesterday could blossom into substantial new revelations.

The newly discovered documents reported by Turner are financial records of MK-ULTRA, a supersecret CIA research and development program involving exotic drugs and their possible uses for intelligence or military purposes.

The CIA files describing MK-ULTRA were destroyed in 1973 at the suggestion of then-Director Richard Helms, according to testimony before the Church committee.

But a continuing search through CIA files has discovered records on disbursements made for MK-ULTRA, according to Turner's letter to Inouye.

Turner's letter enumerated these activities for which money was apparently disbursed:

- Testing of drugs on American citizens without their knowledge, in cases beyond those already revealed.
- Research on the surreptitious administration of drugs.
- Research on a knockout or "K" drug, including tests on "advanced cancer patients."
- Experiments using drug addicts or alcoholics.
- A possibly illegal payment to a "private institution."

All of these except the "K" drug were discussed in the Church committee's final report in April 1976. The committee found that MK-ULTRA gave LSD to unwitting subjects (one of whom, Dr. Frank Olson, died as a result), used private institutions clandestinely to conduct research, and used prisoners and patients as subjects.

The committee found that the CIA went to great lengths to conceal the MK-ULTRA project because of its sensitivity.

In his letter Turner said that the newly found financial records don't present "a complete picture" but "provide more detail than was previously available."

Turner said he wanted to testify about this material to the intelligence committee "in keeping with the President's commitment to disclose any er-

rors of the intelligence community which are uncovered."

Jody Powell, Carter's press secretary, said the material was released quickly to head off any charge that the administration was trying to hide new information.

Powell said the resignation this week of E. Henry Knoche, deputy director of central intelligence, had nothing to do with the newly discovered MK-ULTRA financial records.

On another CIA matter, Powell denied that Carter has offered the deputy's job to Prof. Lyman B. Kirkpatrick of Brown University, a former executive director of the CIA. The New York Times reported Thursday that he had been offered the job. Asked if Kirkpatrick would be offered it later, Powell replied, "Not that I know of no."





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NEW YORK DAILY NEWS  
16 JULY 1977

# Bare New Findings on CIA Drug Tests

By FRANK VAN RIPER

Washington (News Bureau) — The White House said yesterday that the Central Intelligence Agency has uncovered new evidence of drug experiments on humans conducted by the spy agency about 10 years ago, including tests on unsuspecting drug addicts and alcoholics and cancer patients.

The experiments — part of the notorious CIA project "MK-Ultra" that led to the suicide of army biochemist Frank Olson — were uncovered during a search of the agency's financial records.

The new disclosure left unclear just how extensive the CIA drug experimentation program was or how many persons were tested and how many drugs, besides hallucinogenic compounds like LSD, were used.

The White House released a letter from CIA Director Adm. Stansfield Turner to Daniel Inouye, chair-

man of the Senate Intelligence Committee. In the letter Turner conceded that the agency had earlier concluded "that most of the documents on this matter (the ULTRA project) had been destroyed."

However, Turner said in his letter that a new search of CIA records disclosed the following:

- "Possible additional cases of drugs being tested on American citizens, without their knowledge."
- "Research undertaken on surreptitious methods of administering drugs."
- Drug experimentation on drug addicts and alcoholics.

Research into a knockout or "K" drug ostensibly performed in conjunction with treatment of advanced cancer patients, with the same patients used as guinea pigs, for the CIA drugs.

- A possibility of a "improper payment" to an unnamed "private institution" in connection with the experiments.

Turner's letter said that "the drug-related activities described in the newly located material began almost 25 years ago. I assure you they were discontinued over 10 years ago and do not take place today."

White House Press Secretary Jody Powell said that he did not know whether the documents contained evidence of any previously unreported injuries and deaths.

When Project ULTRA first surfaced in the 1975 probe of CIA abuses, it was disclosed that Olson, who committed suicide by leaping from a New York City hotel room in 1953, had been surreptitiously administered LSD by a CIA operative. Olson's family had not been told of the LSD experiment until details were released during the Senate probe.

Powell said he believed that Inouye's committee would reopen the investigation into the CIA's drug experiment program. Powell insisted that there was "no connection" between the new disclosure and the sudden resignation Wednesday of E. Henry Knoche, deputy director of intelligence for the CIA.

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THE WASHINGTON POST  
15 JULY 1977

(NEWSPAPER AS RECEIVED)

# Lyman Kirkpatrick Seen as No. 2 at CIA

Associated Press

Lyman B. Kirkpatrick, a political science professor at Brown University, is being seriously considered for the No. 2 post at the Central Intelligence Agency, sources close to the White House said yesterday.

The CIA's deputy director, E. Henry Knoche, submitted his resignation to President Carter on July 5 after, according to a CIA source, a dispute over changes planned by the agency's director, Adm. Stansfield Turner.

Kirkpatrick, 61, joined the Brown University staff in 1965 after serving 18 years with the CIA, where he rose from staff adviser to executive director of the agency's operations.

In recent years, the deputy director normally ran the day-to-day operations of the agency.

A White House spokesman declined to confirm or deny that Kirkpatrick may be in line for the post and said no announcement on Knoche's replacement was planned.



# CIA's No. 2 Man Resigns Amid Reports of Shakeup

From Times Wire Services

WASHINGTON—The No. 2 man in the Central Intelligence Agency, Dep. Director E. Henry Knoche, has resigned amid indications that a major shakeup is in the making.

CIA Director Stansfield Turner reported through a spokesman that Knoche, the agency's ranking career official, had submitted his resignation to President Carter on July 5, effective Aug. 1.

Both men issued statements on the resignation hours after United Press International reported that informed sources had said that Turner had forced Knoche, 52, into early retirement and planned a similar fate for 20 members of the agency's clandestine operations branch.

Turner gave no explanation for Knoche's action but denied that the top two officials of the clandestine branch as well as many of their subordinates were under pressure to resign.

"There are no plans for forced retirements or removals of any top CIA officials. There are no plans for major changes in the CIA organization at this time," Turner's statement said.

Agency sources said that Turner Wednesday assured his senior staff—including operations director William Wells and his deputy, Ted Shackley—that there was no truth to reports that he had decided to replace them.

A statement to CIA employees by the retiring deputy director, however, said "More change looms on the horizon." Calling it a most difficult decision, Knoche said he was stepping aside to facilitate Turner's task "as he prepares to make decisions about new organizational forms and the kind of new leadership that he will need to carry out his future plans."

A source familiar with the situation said Knoche resigned because he did not approve of the programs and policies advocated by Turner. The source, who asked not to be quoted, would not explain the issues involved in the disagreements between Turner and Knoche.

Senior intelligence officers were reported puzzled by Knoche's resignation because, they said, he apparently got along well with Turner.



E. Henry Knoche

AP photo

There was speculation, however, that Knoche opposed Turner's moves against the clandestine operations branch, which another source described as a "wholesale purge."

That source said the clandestine operations men Turner is seeking to retire make up about the whole headquarters command of that section, which is not large, and almost all are senior officers.

In addition, President Carter is reported to be weighing a major reorganization of the U.S. intelligence community that would give Turner budgetary and operational control over the National Security Agency, the highly secret eavesdropping organization, and the National Reconnaissance Office, which operates spy satellites.

Although Turner and his predecessors as director of the CIA have in theory been heads of the entire intelligence community, the NSA and NRU have in practice been under the control of the secretary of defense. The Pentagon is contesting Turner's plans to bring these major units under his wing.



# CIA's No 2 QUITS IN 'PURGE'

By NICHOLAS COMFORT  
in Washington

THE Deputy Director of the Central Intelligence Agency has handed in his resignation amid insistent reports that the agency's new chief, Adml Stansfield Turner, has removed him as part of a "housecleaning" operation.

A spokesman confirmed yesterday that Mr Henry "Hank" Knoche had resigned with effect from Aug. 1. He would not comment on suggestions that he had been forced to retire and denied that Adml Turner planned "forced retirements or removals of any top CIA officials."

Sources close to the agency, however, suggested that such a process was indeed underway. They said the changes involved up to 20 senior officials, including most of those handling clandestine operations.

### Carter discussion

White House confirmation that this was happening seemed implicit in a statement from Mr Iody Powell, Mr Carter's Press secretary, that the admiral had discussed his plans with the President. He adds that discussions had been in general terms and did not refer to individuals.

Mr Knoche joined the CIA from the Navy in 1953 and was appointed deputy director in charge of day-to-day operations by President Ford last year. He was decorated by President Carter in January for distinguished service.

No reason for his departure has been given, but it is suggested that he opposed the "purge" of the clandestine operations directorate and, despite an otherwise good relationship with Adml Turner, was asked to leave.

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14 JULY 1977

# No. 2 CIA Man Resigns Amid Purge Rumors

From Press Dispatches

WASHINGTON — The No. 2 man at the Central Intelligence Agency has resigned amid reports he was forced out by President Carter's new CIA director.

Adm. Stansfield Turner gave no reason for the resignation of E. Henry "Hank" Knoche.

But informed sources said Wednesday that Turner forced his 52-year-old deputy into early retirement and had the same fate in mind for at least 20 members of the agency's clandestine operations branch.

Turner denied he was forcing top agency officials into retirement.

But Turner confirmed through a spokesman that Knoche had submitted his resignation to President Carter on July 5. The resignation is effective August 1.

An official statement attempted to discount the reports that a major wave of firings was imminent at the agency.

"There are no plans for forced retirements or removals of any top CIA officials. There are no plans for major changes in the CIA organization at this time," the statement said.

Intelligence sources said Knoche's replacement will be John McMahon, a former member of the CIA's clandestine operations

team who now works in the administrative section.

In a statement to CIA employees issued late Wednesday afternoon, Knoche called his resignation "a most difficult decision." And he referred to changes to come at the CIA.

"I concluded that it would be in the best interests of the agency and the nation's intelligence effort if I stepped aside now to facilitate the director's task as he prepares to make decisions about new organizational forms and the kind of new leadership that he will need to carry out his future plans," his statement said.

In January, Carter presented Knoche the highest civilian award for distinguished civil service.

Knoche was named to the second spot at the CIA by then-President Gerald Ford in 1976. Under an executive order issued by Ford, Knoche was in charge of the CIA's day-to-day operations.

Sources said Turner is seeking early retirement of some members of the operations directorate, which handles clandestine activities, including the directorate's two top men

— William Wells and Theodore Shackley.

Senior intelligence officers were puzzled at Knoche's ouster since, they said, he apparently got along well with Turner. There was speculation, however, that Knoche opposed Turner's moves against the clandestine operations branch, which one source described as a "wholesale purge."

The source said the clandestine operations men Turner is seeking to retire comprise "about the whole headquarters command of that section, which is not large," and "almost all are senior officers."

At a February 1977 news conference, Carter said that Knoche was "very competent." Knoche was acting director of the CIA at the time, filling in between the resignation of George Bush as CIA chief and Turner's confirmation.

White House Press Secretary Jody Powell said Turner "has discussed his plans with the President, (but) not with regard to every specific change."

And Powell said, "My understanding from the CIA is that those reports (on CIA changes) are somewhat exaggerated."

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# What's News—

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The probe of South Korea's influence-buying in Congress will be speeded up, the chairman of the House Ethics Committee announced in its first meeting in over a month. John Flynt (D., Ga.) said hearings could start before September. The panel also approved an accord with the CIA on access to classified data and adopted security guides.

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The CIA's No. 2 man, Deputy Director E. Henry Knoche, quit effective next month amid reports Director Stansfield Turner had forced him out and planned a shake-up in the agency's clandestine-operations branch. Turner denied the rumors, but Knoche, a 24-year veteran, said "change looms."

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14 JULY 1977

WASHINGTON POST

Indications of Shakeup

**No. 2 Man at CIA Resigns**

By Don Oberdorfer  
Washington Post Staff Writer

The ranking career official of the Central Intelligence Agency, Deputy Director E. Henry Knoche, has resigned amid indications that a major shakeup is in the making.

CIA Director Stansfield Turner, through a spokesman, reported that Knoche had submitted his resignation to President Carter on July 5, effective Aug. 1. Turner gave no explanation for Knoche's action but denied a press report that the two top officials of the CIA clandestine operations branch as well as 20 of their subordinates are under pressure to resign.

"There are no plans for forced retirements or removals of any top CIA officials. There are no plans for major changes in the CIA organization at this time," Turner's statement said.

Agency sources said Turner yesterday assured his senior staff, including clandestine operations director William Wells and his deputy, Ted Shackley, that there is no truth to reports that he has decided to replace them.

A statement to CIA employees by the retiring deputy director, however, said "more change looms on the horizon." Calling it a most difficult decision, Knoche said he is stepping aside to facilitate Turner's task "as he prepares to make decisions about new organizational forms and the kind of

new leadership that he will need to carry out his future plans."

President Carter is reported to be weighing a major reorganization of the U.S. intelligence community that would give Turner budgetary and operational control over the National Security Agency, the highly secret eavesdropping organization, and the National Reconnaissance Office, which operates spy satellites.

Although Turner and his predecessors as director of Central Intelligence have in theory been heads of the entire intelligence community, the NSA and NRO have in practice been under the control of the Secretary of Defense. The Pentagon is contesting Turner's plans to bring these major units under his wing.

There is no indication that Carter has made a decision in the CIA-Pentagon struggle, which has been described as one of the most important to U. S. intelligence since the CIA was established in 1947. A Turner victory in his drive would be likely to trigger major reshuffles at the top.

Knoche, who is 52 years old and a 24-year veteran of the CIA, was acting director between the resignation of George Bush and the swearing in of Turner as his successor early this year.

At a February news conference, Carter called Knoche "very competent." He was reportedly among those considered for the top CIA post before the selection of Turner, who was a classmate of Carter at the U. S. Naval Academy.

Reports that could not be confirmed yesterday said there were policy differences between Turner and Knoche. However, a CIA spokesman said Knoche had not been forced to resign

and suggested that Turner had been surprised by the career official's decision to ask for early retirement.

In another development, Carter was reported to be reconsidering a commitment given by Turner to keep Congress informed of any possible wrongdoing by intelligence agencies. Turner had pledged during his confirmation hearing to notify the Senate Intelligence Committee of all charges of abuses that are submitted to the President's Intelligence Oversight Board.

Carter is also considering rescinding an executive order issued by President Ford last year which requires the oversight board to report promptly to the Justice Department on any intelligence activities that "raise serious questions about legality," according to the Atlanta Constitution.

A Senate Intelligence Committee spokesman said that unit is in close touch with the White House on the subject. Senior members of the committee are reported to have been told of the White House reconsideration.

San Jose Mercury

Thursday, July 14, 1977

## CIA Chief Initiates Big Purge

New York News Service

WASHINGTON — Acting with the approval of President Carter, CIA Director Adm. Stansfield Turner is conducting a high-level purge of the spy agency, forcing his top deputy into early retirement and targeting the CIA's much-criticized clandestine operations division for a major housecleaning.

Career spy E. Henry Knoche, deputy director of central intelligence, reportedly was forced to quit by Turner. The agency, however, denied in a written statement that there are any plans "for major changes in the CIA organization at this time."

But no sooner was the official statement released than Knoche himself, in a message to fellow employees, declared that "major change looms on the horizon, and properly so."

There were indications that Turner's actions ultimately could effect the top management of the clandestine operations division and result in the early retirement of as many as 20 CIA veterans.

Knoche said that he decided to "step aside now to facilitate the director's task as he prepares to make decisions about new organi-



E. HENRY KNOCHE  
Housecleaning

## CIA Chief Conducting Big Purge

(Continued from Page 1)

zation forms and the new kind of leadership that he will need to carry out future plans."

Turner's action appeared aimed at consolidating his position against internal sniping from agency veterans, resentful of Turner's Navy background and "hard right rudder" manner.

The last Navy man to head the intelligence agency, Adm. William Raborn, a Lyndon Johnson appointee, was the target of widespread agency backbiting throughout his brief tenure as CIA chief.

Wednesday afternoon, in a rare public statement, the CIA confirmed that Knoche — who last January received the highest civilian award for distinguished service — had submitted his resignation last week, effective Aug. 1.

The statement went on to say that "There are no plans for forced retirements or removals of any top CIA officials. There are no

plans for major changes in the CIA organization at this time."

Knoche is 52. Mandatory retirement age in the CIA is 65.

Despite the agency statement, sources said that ever since Turner took over from George Bush as CIA director last February, a major reshuffling of the agency has been anticipated. A Naval Academy classmate of the President's, Turner reportedly has carte blanche to overhaul the scandal-plagued spy agency, particularly its Division of Planning, otherwise known as the clandestine operations division.

In response to questions, CIA spokesman Dennis Berend denied a report that Turner has requested the early retirement of the two top men in the division, William Wells and Theodore Shackley.

Berend also would neither confirm nor deny that John McMahon, now in the administrative section of CIA but who has experience in the clandestine operations division, has been tapped to replace Knoche.

Knoche, who served as interim CIA director until Turner took over from Bush, was said to have good relations with his boss, but may have objected to Turner's plan for an apparently sweeping housecleaning of the clandestine operations division.

One source, who worked with Knoche, said that "the division is incredibly ripe for a cutting back."

Besides the furor that erupted in recent years over allegedly criminal abuses by the division, this source contended that the division has grown "bloated" with career bureaucrats.

Knoche was said to have a reputation in the agency as a "perfect organization man" who knew how to please his superiors.



## CIA chief boots No. 2 in cleanup

WASHINGTON (UPI)— CIA chief Stansfield Turner has forced his No. 1 deputy to retire and has demanded the retirement of the top command of the agency's clandestine operations department, sources said today.

There was no official confirmation from the CIA.

The sources said Turner had requested the early retirement of E. Henry Knoche, 52, his deputy director who last January was decorated by President Carter for distinguished civilian service.

They said Knoche sent his letter to the White House, a necessary formality because he was appointed by the President and confirmed by the Senate.

White House press secretary Jody Powell said Turner "has discussed his plans with the President, (but) not with regard to every specific change." Powell said he did not know whether Carter had received Knoche's letter.

A request for early retirement is the CIA euphemism for a demand for resignation.

The sources said Turner also asked for the early retirement of at least 20 men who run the CIA's department responsible for covert operations and undercover gathering of intelligence, including the director and his deputy. One source called it a wholesale purge.

"This comprises about the whole headquarters command of that section, which is not large," the source said. "Almost all are senior officers."

Knoche, a former Navy veteran of World War II and Korea, joined the CIA in 1953 and was confirmed as deputy to CIA Direc-

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S.F. EXAMINER—

Wed., July 13, 1977 ☆☆

## CIA director ousting No. 2, 20 others

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for George Bush June 30, 1976. Bush, an appointee of President Gerald Ford, resigned after Carter was elected.

Knoche ran the CIA as acting director in the interim before Turner took over last February.

The sources said Turner selected John McMahon, now in the administrative section of CIA but who also formerly was in the clandestine directorate, to replace Knoche.

The reasons for Knoche's forced early retirement were not clear but a pattern was evident in the intended sweep by Turner of the clandestine operations directorate.

He requested the early retirement of William Wells and Theodore Schackley, the two top men in the deputy directorate of operations — the CIA branch that handles clandestine operations. Both are agency veterans and one unconfirmed report said they are resisting the pressure to retire.

In addition, 20 members of the directorate were in effect asked to resign via early retirement.

24 San Francisco Chronicle  
Thurs., July 14, 1977 ★★ ★

## No. 2 Man Quits CIA— Report of Rift

Washington

The No. 2 man at the Central Intelligence Agency has resigned, reportedly over policy differences with President Carter's CIA director.

One knowledgeable source said there is a good possibility of a series of resignations at the agency over the same policy differences.

E. Henry Knoche, a 24-year veteran of the agency, submitted his resignation to President Carter on July 5, a spokesman for Admiral Stansfield Turner, the CIA director, said yesterday.

The CIA spokesman denied reports that Knoche, 52, was forced to retire by Turner.

And in an official statement, the CIA denied that a wave of firings was imminent at the agency.

"There are no plans for forced retirements or removals of any top CIA officials. There are no plans for major changes in the CIA organization at this time," the statement said.

At the White House, presidential press secretary Jody Powell referred reporters to the CIA's statement about Knoche's resignation and said "My understanding from the CIA is that those reports

(on CIA changes) are somewhat exaggerated."

In a statement to CIA employees issued late yesterday afternoon, Knoche called his resignation "a most difficult decision." And he referred to changes to come at the CIA.

"I concluded that it would be in the best interests of the agency and the nation's intelligence effort if I stepped aside now to facilitate the director's task as he prepares to make decisions about new organizational forms and the kind of new leadership that he will need to carry out his future plans," his statement said.

Last January Knoche received the government's highest award for career civil servants. He was chosen for the honor by former President Gerald Ford.

Knoche was named deputy director of the CIA by Ford. Under an executive order issued by Ford, Knoche was in charge of the CIA's day-to-day operations.

A source familiar with the situation said Knoche resigned because he did not agree with the programs and policies advocated by Turner. The source, who asked not to be quoted, would not say what issues were involved in the disagreements between Turner and Knoche.

At a February, 1977, news conference, Carter said that Knoche was "very competent." Knoche was acting director of the CIA at the time, filling in between the resignation of George Bush as CIA chief and Turner's confirmation.

Knoche joined the CIA in 1953 as an analyst in the analysis branch that makes up the larger part of the CIA's operations.

As deputy director, Knoche was the first person from the analysis branch to reach so high a position in the agency. Previously, career CIA officials to reach the top echelon had come from the agency's clandestine service.

In 1963, Knoche was made special assistant to the CIA director. In 1967, he was named executive director of the National Photographic Interpretation Center.

In 1975, he was made deputy director for budgeting and planning and deputy director of the Office of Current Intelligence in 1970.

In 1975, he was named associate deputy to the director of central intelligence.

When he was sworn in last July as deputy director of the scandal-shaken agency, Knoche said:

"We enter a new era with firm resolve to improve our performance, with full regard for the law and the constitutional rights of American citizens."

At his confirmation hearings, Knoche said the CIA is "an instrument of foreign policy" with major decisions made by "higher authority."

"We are not the judges when we employ covert action," he told the Senate intelligence committee last June.

Knoche also told the committee that he would not carry out an order he considered illegal or improper. He said he would do one of three things:

"Resign, go public, or come quietly to the committee."

*Associated Press*