103D CONGRESS
1st Session

SENATE

REPORT
103-23

SPECIAL REPORT

COMMITTEE ACTIVITIES

OF THE

SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE

JANUARY 3, 1991, TO OCTOBER 8, 1992

MARCH 18 (legislative day, MARCH 3), 1993.—Ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

69-010

WASHINGTON : 1993

SELECT COMMITTEE ON INTELLIGENCE

[Established by S. Res. 400, 94th Cong., 2d Sess.]

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PREFACE

The Senate Select Committee on Intelligence submits to the Senate a report of its activities from January 3, 1991 to October 8, 1992. The Committee is charged by the Senate with the responsibility of carrying out oversight over the intelligence activities of the United States. Much of the work of the Committee is of necessity conducted in secrecy, yet the Committee believes that intelligence activities should be as accountable as possible to the public. This public report to the Senate is intended to contribute to that requirement.

DAVID L. BOREN,
Chairman.
FRANK H. MURKOWSKI,
Vice Chairman.

CONTENTS

PREFACE

	Page
I. Introduction	1
II. Legislation	3
A. Intelligence Oversight Act	3
B. Reorganization of the Intelligence Community	3
C. National Security Education Act	6
D. Assassination Materials Disclosure Act	7
III. Arms Control Monitoring	7
A. START	7
B. Chemical, biological and nuclear weapons	8
C. Iraqi weapons monitoring by the UN	8
IV. Oversight Activities	8
A. Covert action	8
B. SSCI audit and investigations staff	9
C. Economic intelligence	9
D. Environmental intelligence	10
E. Counternarcotics	10
F. BNL investigation	10
V. Budget authorization process	12
VII. Confirmations	12
A. Nomination of Robert M. Gates	12
B. Nomination of Admiral Studeman	13

APPENDIX

A. Summary of committee meetings and hearings	15
B. Bills and resolutions originated by the committee	15
C. Bills referred to the committee	15
D. Publications	15

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OVERSIGHT OVER INTELLIGENCE ACTIVITIES

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

REPORT

I. INTRODUCTION

The Select Committee on Intelligence (SSCI), established by the United States Senate on May 19, 1976, to conduct oversight of the programs and activities of the Intelligence Community, submits the following report to fulfill the requirement of section 1 of Senate Resolution 400 which provides that the SSCI shall "report to the Senate concerning * * * intelligence activities and programs" of the United States Government. This introduction summarizes the activities of the SSCI during the 102nd Congress, which convened January 3, 1991 and adjourned October 8, 1992.

Senator David L. Boren continued his service as Chairman of the Committee, completing six years in that position, longer than any previous Chairman. Serving as Vice-Chairman of the Committee was Senator Frank H. Murkowski of Alaska, who had previously had six years of service on the Committee. The Committee continued to operate in the same bipartisan fashion that has characterized its operations since its inception.

The 102nd Congress enacted legislation of historical significance to U.S. intelligence activities.

During the first session of the 102nd Congress, title VI of the Intelligence Authorization Act for 1991 was enacted, substantially revising the statutory framework created in 1980 for the approval of covert actions and their reporting to the Congress. This legislation, with only minor differences, had been pocket-vetoed by President Bush in November 1990 and was enacted in August 1991 only after painstaking negotiations with the Administration.

During the 2nd session of the 102nd Congress, legislation amending the National Security Act of 1947 was enacted, setting forth for the first time in law the roles and authorities of the Director of Central Intelligence and the responsibilities of the Secretary of De-

fense for the National Foreign Intelligence Program. This legislation grew out of a bill introduced at the beginning of the 2nd session by Chairman Boren, which was the subject of six separate hearings in early 1992. After initial objections were raised by the Administration to such legislation, negotiations ensued during the summer of 1992 which led to a proposal that was acceptable to both branches. While the new legislation did not radically change the status quo within the Intelligence Community, it did represent a radical change in the statutory framework governing intelligence activities.

The 102nd Congress also saw confirmation hearings for a new Director of Central Intelligence and a new Deputy DCI.

The confirmation hearings for Robert M. Gates to be Director of Central Intelligence in September and October 1991 were unprecedented in terms of their scope and substance. Eight days of hearings were held, including seven in public session. The nominee's role in the so-called Iran-contra affair was explored at length, as were allegations that during the tenure of the nominee as Deputy Director for Intelligence the nominee undertook actions resulting in the "politicization" of intelligence, or the shaping of intelligence for political purposes. At the conclusion of the Committee's inquiry, the Committee issued a 225-page report of its findings. In the end, the nomination was approved by the Committee by a vote of 11–4 and subsequently approved by the full Senate.

In March, 1992, a confirmation hearing was held on the nomination of Admiral William O. Studeman to be Deputy Director of Central Intelligence. Less controversial than the Gates nomination, Admiral Studeman's nomination was unanimously approved by the Committee on April 1, 1992, and subsequently by the full Senate.

In addition, during the 102nd Congress, the Committee carried out its annual budget authorization process during each session. This included a review of the Administration's National Foreign Intelligence Program as well as DoD Tactical Intelligence and Related Activities.

In the course of these programmatic reviews, the Committee explored a number of issues which are explained in greater detail in the body of this report, to include economic intelligence, environmental intelligence, and counternarcotics.

The Committee also carried out its responsibilities to the Senate to ascertain the capabilities of U.S. intelligence to verify arms control treaties pending before the Senate. The Committee collected information regarding U.S. capabilities to verify the Strategic Arms Reduction Treaty (START) as well as the proposed treaties governing chemical weapons and Open Skies.

While the emphasis on counterintelligence during the 102d Congress tended to diminish with the end of the Cold War, the Committee continued to oversee the adjustments made by U.S. counterintelligence agencies to adjust to the new security environment.

In the final week of the 102nd Congress, prompted by recent Executive branch actions in connection with federal court proceedings in Atlanta, the Committee conducted two hearings on the Intelligence Community's role in the Banca Nazionale del Lavoro (BNL) affair. At the conclusion of the hearings, the Committee authorized the staff to conduct an investigation of the matter. The investiga-

tion, an intensive effort conducted during the recess following the conclusion of the 102nd Congress, culminated in a 163-page staff report that was approved for release by the Committee, in the 103rd Congress, on February 4, 1993.

In the 102nd Congress, the Committee held a total of 130 on-the-record meetings and hearings. There were 34 oversight hearings and 10 business meetings. Fourteen hearings on the budget, four mark-up sessions, and four conference sessions with the House were held. Hearings on specific legislation totaled 13, and nomination hearings totalled 20. Additionally, the Committee staff held 38 on-the-record briefings.

During the 102nd Congress, the Committee once again endeavored to assure the public that congressional oversight is thorough and effective. While most of its proceedings necessarily required secrecy, the Committee opened as many proceedings as possible to the public.

II. Legislation

A. INTELLIGENCE OVERSIGHT ACT

Legislation was introduced in the 100th Congress in the aftermath of the Iran-Contra. The objectives were to clarify the respective roles of the President and the Congress in approving and overseeing intelligence activities, particularly covert action. Included were other clarifications of ambiguities in the law providing, for instance, that Presidential findings must be written and a definition of what a covert action is and is not.

This bill initially passed the Senate on March 15, 1988, by a vote of 71–19 but did not receive action by the House. Provisions were again included in the FY 1990 authorization but were dropped at the request of the House. Finally, both Houses approved the conference committee report on the FY 1991 authorization including these provisions, but President Bush pocket-vetoed the bill.

A compromise was reached by the Congress and the Administration on new language to resolve the concern of the President regarding a request to a foreign government or private citizen to conduct a covert action on behalf of the United States. The FY 1991 authorization was signed into law on August 14, 1991, including all the other provisions originally passed.

B. REORGANIZATION OF THE INTELLIGENCE COMMUNITY

Title VII of the FY 1993 intelligence authorization amended the National Security Act of 1947 to provide for the first time in law a comprehensive statement of the responsibilities and authorities of the agencies and officials of the U.S. Intelligence Community.

The law provides for the participation of the Director of Central Intelligence on the National Security Council, subject to the direction of the President. Under the law, the positions of Director and Deputy Director of Central Intelligence may be appointed from commissioned officers of the Armed Forces or from civilian life but never shall both positions be military. Other provisions set forth the responsibilities and authorities of the Director of Central Intelligence, set forth the responsibilities of the Secretary of Defense

pertaining to the National Foreign Intelligence Program, and provide certain administrative requirements pertaining to Defense elements within the National Foreign Intelligence Program. Further information can be found in Senate Report 102–324.

These legislative changes came from the time and effort that the committee spent over two years considering organizational arrangements for the Intelligence Community.

Prompted by the changes that had taken place in Eastern Europe during the previous year, the Committee, in June 1990, as part of its report on the Intelligence Authorization Act for Fiscal Year 1991 (Senate Report 101–358, pp. 5–6), announced that the Committee would undertake a comprehensive review of the missions, functions, and organizational arrangements for the Intelligence Community.

Beginning in December, 1990, and lasting through March, 1991, the staff conducted a series of off-the-record interviews with nearly 130 current and former government officials, most of whom held or had held key positions in the Intelligence Community, to obtain their views on the strengths and weaknesses of existing arrangements. These interviews produced a strong consensus for change in particular areas, but specific suggestions for change varied widely.

At the time these interviews were being conducted, the United States became engaged in war in the Persian Gulf, which itself would test the effectiveness and vitality of the Intelligence Community. During the conflict and in the months which followed, the Committee received considerable testimony both in hearings and briefings with respect to the caliber of intelligence support. To some degree this testimony indicated serious problems in existing organizational structures, particularly with regard to the exploitation and dissemination of imagery and with regard to consolidating intelligence support under U.S. field commanders.

The Committee held two hearings in the spring of 1991 on the subject of intelligence reorganization. The first occurred on March 21, 1991, when the Committee heard testimony in public session from Admiral Bobby Ray Inman (USN, Ret.), former Director of NSA and former Deputy Director of Central Intelligence; LTG William Odom (USA, Ret.), former Director of NSA and former Assistant Chief of Staff for Intelligence, Department of Army; and Donald Latham, former Assistant Secretary of Defense for Command, Control, Communications and Intelligence. (See "Review of Intelligence Organization," *Hearings before the Select Committee on Intelligence,* U.S. Senate, S. Hrg. 102–91.)

The second hearing was held in closed session on May 16, 1991, to discuss the origin and evolution of the existing organizational arrangements for the U.S. Intelligence Community. Testifying were Dr. Ray Cline, former Deputy Director of Intelligence, CIA; Mr. Lawrence Houston, former General Counsel at CIA from 1946 until 1973; and Mr. Walter Pforzheimer, former Legislative Counsel, CIA, whose service dated from the creation of the Agency. (The transcript of this hearing was subsequently declassified and published by the Committee.)

Several months thereafter, in August, momentous events took place in the Soviet Union, resulting in the collapse of Communist Party rule and the ascendancy of pro-democracy reform elements.

While great uncertainty remained, it was clear that the Cold War was over, and the longstanding military threat to the United States had considerably diminished. These events, too, contributed to the Committee's perception that a reassessment of intelligence was appropriate.

Although the Committee took no comprehensive legislative action on intelligence reorganization in 1991, it did include language in its report on the Intelligence Authorization bill for Fiscal Year 1992 which addressed several organizational matters growing directly from the experience in DESERT SHIELD/DESERT STORM.

Intelligence reorganization also was discussed at the extended confirmation hearings of Robert M. Gates to be Director of Central Intelligence held in September and October 1991. The nominee, in fact, committed to review the existing organizational arrangements for intelligence if confirmed. Subsequently the DCI established a series of task forces to, among other things, review the organizational structure of the intelligence community.

On February 5, 1992, Chairman Boren introduced S. 2198, the Intelligence Reorganization Act of 1992, a comprehensive proposal for intelligence reorganization and reform, in the Senate. A similar bill was introduced the same day by Representative McCurdy, Chairman of the Permanent Select Committee on Intelligence, in the House of Representatives.

The Committee held five public hearings and one closed hearing on S. 2198. A total of fourteen witnesses gave testimony, and the Committee received written comments on the legislation from a variety of private individuals and associations.

The Committee's final hearing on S. 2198 took place on April 1, 1992, when the Committee heard testimony from DCI Robert M. Gates in both open and closed sessions. Gates recounted to the Committee the actions he had taken since assuming office in November, 1991, to bring about change within CIA and the Intelligence Community. Each of 14 task forces had produced a series of recommendations which he had addressed personally or had taken to the President for approval.

The Committee acknowledged that the Administration had moved to address its most prominent concerns with tangible, significant actions. In doing so, the Administration demonstrated that considerable change was possible without additional authorizing legislation. However, the Committee believed that legislation continued to be desirable, particularly because the National Security Act no longer accurately described the structure of the Intelligence Community.

The Chairman encouraged the Director to reconsider the relatively limited actions contemplated in the area of imagery management. Subsequently, Director Gates advised the Committee by letter dated May 6, 1992, that agreement had been reached within the Administration to create a Central Imagery Office within the Department of Defense to perform roughly the same functions for the imagery area that the National Security Agency performed for signals intelligence, e.g. integrating national and tactical activities, setting uniform standards, promoting interoperability, etc.

The Committee concluded that specific legislative authorization for the Intelligence Community would strengthen rather than weaken the relationships between the DCI and agencies within Intelligence Community, as well as strengthen the links between intelligence agencies and the Government as a whole. It would also give the Congress a specific role in fashioning and maintaining this structure.

The legislation signaled a commitment by the Congress to deal with the business of intelligence with greater candor, rather than hiding behind the ambiguities of existing law and leaving the "real" policy to the Executive branch. It is difficult to maintain popular support for activities which necessarily must be conducted in secret. Openly acknowledging and authorizing such activities in a public law can only improve the public's sense of confidence.

Finally, the Administration itself took actions which, in the view of the Committee, deserved greater permanence and greater stature than simply being left to Executive branch directives, which may be classified and are subject to change and noncompliance from Administration to Administration. This is not to say that any legislation in this area should not provide sufficient flexibility to allow for adjustments and change by a particular Administration. The Committee signaled its willingness to consider such statutory changes as the Executive branch might believe necessary in the future and to allow for flexibility within the parameters established by the legislation.

C. NATIONAL SECURITY EDUCATION ACT

Foreign students numbering over 350,000 at the undergraduate level come to the U.S. each year to learn about this country. Meanwhile, only some 60,000 Americans go abroad to study the languages and cultures of the countries of the world. In the belief that the next century will require international skills as never before, the Committee included in the FY 1992 intelligence authorization bill a provision to authorize $150 million to create an international education trust fund. Congress then appropriated the $150 million, and the trust fund was established.

The National Security Education Act (NSEA) provides funding for graduate fellowships and undergraduate scholarships for study abroad. Recipients must agree to work for the federal government, at the government's option, or in the field of education for a period in exchange for the federal assistance. The Act also provides grants to colleges and universities to strengthen and improve their courses of study and curriculum in areas of foreign languages and area studies programs.

The Secretary of Defense is authorized to administer the program in accordance with policies and criteria established by a National Security Education Board chaired by the Secretary of Defense. Members of the board are the Secretaries of Education, State and Commerce, the Director of Central Intelligence, the Director of the U.S. Information Agency, the Chairman of the National Endowment for the Humanities, and six individuals appointed by the President with the advice and consent of the Senate.

In the FY 1993 intelligence authorization, amendments were included to clarify policies governing the program. The Vice Chairman, Senator Murkowski offered an amendment which redesignated this program as the "David L. Boren National Security Education Act of 1991" in recognition of Senator Boren's role in the development and enactment of this legislation.

D. ASSASSINATION MATERIALS DISCLOSURE ACT OF 1992

Chairman Boren and Committee staff played a key role in the passage of legislation in the 102nd Congress to open Government files, including those of Intelligence Community agencies, on the assassination of President John F. Kennedy. Committee staff coordinated the drafting of the original legislation, which drew on the efforts of Members and staff from several Senate and House committees and offices. The legislation was introduced by Chairman Boren in the Senate and Representative Louis Stokes in the House on March 26, 1992. Chairman Boren testified on the legislation before the Senate Governmental Affairs Committee, to which the legislation was referred, on May 12, 1992. Chairman Boren and the Committee staff played a continuing role in achieving passage of the legislation, which, after modifications and extensive negotiations, was signed by the President in October 1992. Among the files that are subject to review and release under the legislation are the Kennedy assassination-related files held by the Committee itself that date from the investigation of the Committee's predecessor, the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities of the 94th Congress (the "Church committee"). (See Senate Report 102–328.)

III. Arms Control Monitoring

A. START TREATY

After nine years of negotiations, on July 31, 1991, the United States and the Soviet Union signed the Treaty on the Reduction and Limitation of Strategic Offensive Arms (START). On May 23, 1992, the four republics of the former USSR with nuclear weapons on their territory signed the Lisbon Protocol to clarify START obligations in light of the Soviet breakup.

This Committee had the responsibility to report to the Foreign Relations Committee and the Senate as a whole an assessment of the monitoring and counterintelligence issues raised by this Treaty.

The Committee, for the last nine years, routinely reviewed START progress addressing the monitoring capabilities in the annual Intelligence Authorization bills. The Committee also expressed its views on verification issues to the negotiations and other senior government officials both formally and informally.

Once the Treaty was signed, Committee staff held three on-the-record staff briefings, received several hundred documents including a National Intelligence Estimate on U.S. capabilities to monitor compliance with START. In addition, written statements from the Director and Deputy Director of Central Intelligence and answers

to more than one hundred formal questions were reviewed and analyzed.

The Committee held two closed hearings and received responses to numerous questions for the record after the hearing. The culmination of the effort was a classified report of over 160 pages which addressed in detail the verification protocols, U.S. collection and analytical capabilities, cooperative measures, evasion scenarios, incentives/disincentives to evade compliance, counterintelligence issues and implementation concerns. The Committee also issued an unclassified report, Senate report 102–431.

B. PROLIFERATION OF CHEMICAL, BIOLOGICAL AND NUCLEAR WEAPONS

In the 102nd Congress, the Committee continued its on-going review of the Intelligence Community's effectiveness in monitoring the growing threat to U.S. national security interests posed by the global proliferation of nuclear, chemical, and biological weapons, as well as ballistic missiles and other delivery systems. The Committee directed the Intelligence Community to strengthen its collection and analytical efforts against this high priority intelligence target, and sought to protect, if not enhance, the resources devoted to this important topic in an increasingly constrained budget environment.

The Committee also continually reviewed the progress of the chemical weapons and Open Skies treaty negotiations with an eye toward ratification proceedings in the 103rd Congress.

C. IRAQI DISARMAMENT

As the Iraq War drew to a close, the Committee turned its attention increasingly towards intelligence support for an eventual peace accord. U.N. Security Council resolution 687 set the terms for the ceasefire with Iraq and established the United Nations Special Commission for Iraqi Disarmament (UNSCOM). UNSCOM assumed responsibility for dismantling Iraq's special weapons programs and providing for their long-term monitoring. As the U.S. Intelligence Community developed new procedures and task forces to support UNSCOM's efforts, the Committee closely monitored the balance struck between timely, effective intelligence sharing and U.S. counterintelligence requirements.

Between May 1991 and November 1992, the Committee received numerous briefings on U.S. intelligence support to UNSCOM in addition to its regular briefings on the evolving politico-military situation in the Persian Gulf. The Committee maintained a detailed chronology of events, reviewed finished products produced by the community, and interviewed U.N. and U.S. officials about the adequacy of U.S. intelligence information for inspection purposes.

IV. Oversight Activities

A. COVERT ACTION

Already a small portion of the intelligence budget, covert action funding continues to shrink. The Committee has continued the reforms initiated in the 100th Congress to provide closer oversight of covert actions necessary because of the potential for foreign policy

disaster or problems and to ensure consistency with democratic processes.

In particular, the Committee believes the quarterly reviews of all covert action programs have provided additional discipline in the Executive Branch by the constant review of covert actions and the policies which create them.

The Committee also meets in special session whenever the President initiates a new covert action and submits the required justification and analysis.

B. THE SSCI AUDIT AND INVESTIGATIONS STAFF

The Committee believes that the activities of the audit staff, begun in 1988, have improved oversight and strengthened communication between the Intelligence Community and the Congress. These audits of highly sensitive programs require close cooperation between the Committee staff, the offices of Inspectors General and the personnel from the intelligence agencies.

The audit staff has brought a new dimension to the oversight capability of the Committee by the depth and quality of these program reviews. This team has helped impose tighter discipline on the management of many sensitive operations.

C. ECONOMIC INTELLIGENCE

During the 102nd Congress, the Committee focused increasing attention on emerging issues regarding economic intelligence. Among other issues of concern are: (1) whether the Government is giving appropriate priority to collecting and disseminating economic intelligence to support U.S. policymaking agencies; (2) whether the Government is providing sufficient intelligence support to the Committee on Foreign Investment in the United States (CFIUS), which is tasked with determining which foreign acquisitions of U.S. firms pose a threat to national security; (3) whether and under what circumstances the Government should aggressively gather and analyze information on foreign economic activity; and (4) what the role of the CIA and other Intelligence Community agencies should be in terms of collecting and analyzing economic intelligence when considered in light of the activities of other government agencies or offices with responsibilities in this area.

The Committee supported the public determination of DCI Gates that the Intelligence Community will not engage in "industrial espionage" and that the Intelligence Community accepts the responsibility for warning U.S. firms who may be a target of such penetrations by foreign governments.

The Committee expressed concern that the U.S. Government as a whole had not clearly defined what policies are necessary and desirable in terms of achieving economic security as a nation. Accordingly, the Committee called for the DCI to consult with the Secretaries of Commerce, State, Treasury, and Defense, as well as the Attorney General and U.S. Trade Representative, among others, to ensure that any policies which may be adopted for the Intelligence Community are consistent with, and support, the overall objectives, priorities, and policies of the Government as a whole in this area.

D. ENVIRONMENTAL INTELLIGENCE

The Committee became increasingly concerned by media reports, scientific assessments, and, in some cases, official acknowledgments, of cases where past actions by other governments or foreign industries have resulted in severe contamination of the oceans, rivers, and seas, as well as the atmosphere. Of particular concern were numerous reports of hazardous nuclear waste disposal by the former Soviet Union.

The Committee concluded that the capabilities of the Intelligence Community to collect and analyze data relating to such problems should be brought to bear upon this worldwide problem in a systematic way, where U.S. interests are threatened or are potentially threatened. The Committee initiated funding in two areas of environmental intelligence. The first involves collection activities to gather information concerning potential environmental threats to the United States or to regional and global ecosystems resulting from the activities of other nations; and the second involves the creation and operation of a task force consisting of cleared environmental scientists to examine which intelligence collection assets might be utilized, and what previously-collected intelligence data might be exploited, for environmental study.

E. COUNTERNARCOTICS

As part of the Committee's budget authorization function, the Committee reviewed Administration funding requests for counternarcotics intelligence activities and authorized the appropriation of funds pursuant to those requests in the Fiscal Year 1993 Intelligence Authorization Act.

The Committee's staff conducted aggressive oversight of intelligence support to counternarcotics policy, planning, and operations. The staff worked with the Director of Central Intelligence's Counternarcotics Center (CNC) to ensure that the National Drug Control Strategy was being implemented. Oversight visits were conducted to headquarters locations and field sites where Intelligence Community member agencies were actively involved in planning for and providing counternarcotics intelligence to policymakers, to senior officials in charge of U.S. counternarcotics operations, and to tactical units in the field.

Overall, the quality and quantity of counternarcotics intelligence has shown measurable improvement over time. Moreover, it is clear that good intelligence received by policymakers or operators in a timely fashion is the main key to counternarcotics success. While there remains significant room for improvement, the general trend is in the right direction. Almost everyone in positions of importance in the counternarcotics area now appears to recognize the fact that, on the supply side, success against international drug trafficking organizations is predicated upon good intelligence, and they are acting to seek and share this intelligence.

F. BNL INVESTIGATION

In early 1992, Committee staff began to carefully monitor developments relating to federal criminal proceedings in Atlanta, Georgia, resulting from illegal lending practices at the Atlanta branch

of an Italian bank, the Banca Nazionale del Lavoro (BNL). Executive branch action in the case, which had been the subject of concern by several congressional committees, came under intensified Senate Intelligence Committee scrutiny as a result of several government statements regarding Intelligence Community information about and involvement in the case. Most importantly, in mid-September 1992, in connection with sentencing hearings for the Atlanta branch manager, the CIA knowledge of the affair. Based on CIA reporting previously viewed by the staff, staff members concluded that the CIA letter was highly misleading.

After a September 28 CIA briefing for staff failed to allay these concerns, Chairman Boren and Vice-Chairman Murkowski wrote to the DCI expressing the view that the CIA letter was misleading and urging that a clarification be provided for both the Atlanta court and the public. The Chairman and Vice-Chairman also expressed concern that key intelligence reports viewed by the Committee staff might never have been provided to the court or even the Justice Department. On September 30, CIA advised the Committee that it had discovered additional reporting relating to the BNL matter that had never been disclosed to the Committee or the Justice Department attorneys prosecuting the case. On October 5 the Atlanta trial judge accused the CIA of providing evasive answers and failing to cooperate with requests for information.

On October 8 and 9, the final two days of the 102nd Congress, the Committee conducted hearings at which CIA and Justice Department officials were questioned on the CIA letter and related actions. When it became clear that the hearings would not resolve central questions, the Committee voted to authorize the staff to conduct an investigation.

A small staff working group conducted more than 30 depositions of Intelligence Community and Justice Department officials, received a series of briefings from Intelligence Community officials, and reviewed thousands of pages of documents, including court transcripts, correspondence and memoranda produced by the Intelligence Community, the Justice Department, and other Executive branch agencies, and the depositions conducted by Judge Frederick B. Lacey, who was pursuing a parallel criminal inquiry on behalf of the Justice Department.

The staff then completed a report that included a detailed factual recounting of events in the BNL affair and a series of specific conclusions and policy recommendations. The 163-page unclassified staff report (S. Prt. 103–12) focused on the the Intelligence Community's involvement in the affair, but also addressed various issues concerning the Justice Department's handling of the case. (The Committee staff had coordinated the latter aspect of the investigation with the staff of the Senate Committee on the Judiciary.) The staff found numerous institutional weaknesses in the relationship between intelligence and law enforcement, as well as serious errors in judgment by officials of the CIA, the Defense Intelligence Agency, and the Department of Justice.

The factual portions of the report were reviewed by intelligence officials for classification, and after extensive discussions the staff was able to obtain acquiescence by these officials in release of an unclassified report that addressed in detail each significant inci-

dent in the affair. As a result, the public became aware of many aspects of the matter not previously made public.

On February 4, 1993, soon after the start of the 103rd Congress, the Committee voted to release the staff report.

V. Budget Authorization

As one of its major responsibilities, the Committee conducted a detailed review and evaluation of the National Foreign Intelligence Program (NFIP) budget requests for fiscal years 1992 and 1993. These reviews included taking testimony from senior Intelligence Community officials with policy responsibilities and evaluating budget justification documents and numerous Intelligence Community responses to specific questions raised by the Committee.

In addition to its annual review of the Intelligence Community's budget request, the Committee performs continuing oversight of various intelligence activities and programs. This process frequently leads to actions initiated by the Committee itself with respect to the budget of the activity or programs concerned.

The Committee also reviewed the Administration's budget requests for Tactical Intelligence and Related Activities of the Department of Defense. The Committee's recommendations regarding these programs, which fall under the jurisdiction of the Armed Services Committee, were provided separately to that Committee for consideration in the Defense Authorization bills for these fiscal years.

VI. Confirmations

A. Nomination of Robert M. Gates as Director of Central Intelligence

President Bush nominated Robert M. Gates to be the 15th Director of Central Intelligence on May 13, 1991. The Committee began working on the nomination following the President's announcement in May, requesting answers to its standard questionnaire from Mr. Gates and a financial disclosure statement from the Office of Government Ethics. Additionally, Mr. Gates provided the Committee with sworn answers to a series of questions related to his involvement in, and knowledge of the Iran-Contra affair. The answers were returned to the Committee on June 28, 1991.

Hearings, tentatively scheduled for mid-July, were delayed when former CIA official Alan D. Fiers, Jr., pled guilty in the first week of July to two misdemeanor charges of withholding information to Congress. In order to determine whether the nominee had knowledge about CIA involvement in the Iran-Contra affair as disclosed by Mr. Fiers in his plea agreement, the Committee voted on July 16, 1991 to seek an immunity order for Mr. Fiers from the U.S. District Court for the District of Columbia. The order was issued by the court on August 2, 1991.

The Committee focused primarily on four general issues to assess the fitness of the nominee to serve as the Director of Central Intelligence. The first was Mr. Gates' involvement and knowledge of the Iran-Contra affair. The nominee was the Deputy Director for Intelligence (DDI) in the fall of 1985 when the arms sales to Iran began,

and was approved by the Senate to be the Deputy Director of Central Intelligence (DDCI) in April 1986. Mr. Gates also served as the Acting Director of Central Intelligence from December 1986 until April 1987, when Judge William Webster was confirmed by the Senate.

The second issue was whether the nominee, either as the DDI or as the DDCI, had participated in efforts to slant or distort intelligence analysis to conform to some preconceived political agenda or position. The Committee interviewed over 80 current or former Directorate of Intelligence (DI) analysts and reviewed hundreds of documents.

A third issue was a variety of allegations that were made in the media, or directly to the Senate Intelligence Committee or to other congressional committees, with respect to the nominee's knowledge or participation in other illegal or improper activities.

The fourth and final issue of principal concern focused upon the nominee's views with respect to the proper role of the DCI and his vision of the future. In this regard the Committee reviewed all of the articles and public statements of the nominee since 1980.

The Committee began its hearings on September 16, 1991, and the first week of testimony largely dealt with Mr. Gates' knowledge of, and role in, the Iran-Contra affair.

The first part of the two sessions of the closed hearing involved allegations of improprieties with respect to the sharing of intelligence with Iraq during the mid-1980's. The second focused on the politicization of intelligence. At the conclusion of this latter session, the Committee decided that the testimony on the subject should be held in a public session.

Accordingly, on October 1, 1991, the Committee resumed its consideration of the politicization issue in open session, hearing testimony from former and present CIA analysts. The nominee returned on October 3 and on the morning of October 4 to address the politicization issue in open sessions. After a brief closed session in the afternoon, the hearings on the nomination concluded.

Mr. Gates testified, in person, for four full days in open and closed session, responding to almost 900 questions. Written responses were also submitted, bringing the total number of questions to just over 1000 asked.

On October 18, 1991, the Committee reconvened in open session and by an 11–4 vote, the Committee voted to recommend the nomination favorably to the Senate. A complete, 225-page report (Exec. Rept. 102–19) was issued by the Committee. The full Senate approved Mr. Gates by a vote of 64–31 on November 5, 1991.

B. NOMINATION OF VICE ADMIRAL WILLIAM O. STUDEMAN TO BE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

The nomination of Vice Admiral William O. Studeman to be Deputy Director of Central Intelligence was received in the Senate on February 25, 1992, and referred jointly to this Committee and the Committee on Armed Services. The Committee's responsibility was to evaluate the nominee's qualifications for service as the Deputy DCI, while the Armed Services Committee considered the nomination in terms of promotion to the rank of four-star Admiral.

Admiral Studeman was well-known to the Committee, having spent nearly thirty years in military intelligence, including most recently the Director of Naval Intelligence and then Director of the National Security Agency.

The thrust of the hearing held on March 10, 1992, was to learn the views of the nominee concerning the role of the intelligence community in light of the dramatic changes in the world as well as to explore how he perceived his new role as Deputy DCI. The Committee had supported the appointment of a senior military officer as Deputy DCI to help bring together the civilian and military intelligence structures.

In addition to the hearing, members had access to the responses by Admiral Studeman to the Committee's questionnaire and copies of his financial disclosure statements. Subsequent to the hearing, the nominee responded to additional questions for the record. The Committee met again on April 1, 1992, to vote out the nomination by a vote of 15 to 0. The Senate subsequently approved the nomination without opposition.

APPENDIX

I. Summary of Committee Activities

A. NUMBER OF MEETINGS

During the 102nd Congress, the Committee held a total of 130 on-the-record meetings and hearings. There were 34 oversight hearings and 10 business meetings. Fourteen hearings on the budget, four mark-up sessions, and four conference sessions with the House were held. Hearings on specific legislation totaled 13, and nomination hearings totalled 20.

Additionally, the Committee staff held 38 on-the-record briefings.

B. BILLS AND RESOLUTIONS ORIGINATED BY THE COMMITTEE

S. Res. 26—An original resolution authorizing expenditures by the Select Committee on Intelligence. Referred to Committee on Rules.

S. 394.—Counterintelligence Improvements Act of 1991.

S. 1325.—Intelligence Authorization Act, Fiscal Year 1991. Enacted under bill number H.R. 1455. Public Law 102–88.

S. 1539.—Intelligence Authorization Act, Fiscal Year 1992. Enacted under bill number H.R. 2038. Public Law 102–183.

S. 2198.—Intelligence Reorganization Act of 1992. Provisions included in Fiscal Year 1993 authorization, Public Law 102–496.

S. 2991.—Intelligence Authorization Act, Fiscal Year 1993. Enacted under bill number H.R. 5095. Public Law 102–496.

C. BILLS REFERRED TO THE COMMITTEE

S. 236.—End of the Cold War Act of 1991 Federal Government Environmental Compliance Act.

S. 421.—National Intelligence Reorganization Act.

S. 1003.—A bill to provide for appointment by the President, by and with the advice and consent of the Senate, certain officials of the Central Intelligence Agency.

S. 2934.—Deficit Reduction Through Intelligence Programs.

D. PUBLICATIONS

Senate Report 102–85.—Intelligence Authorization for Fiscal Year 1991 to accompany S. 1325.

Senate Report 102–117.—Intelligence Authorization for Fiscal Year 1992 to accompany S. 1539.

Senate Report 102–324.—Intelligence Authorization for Fiscal Year 1993 to accompany S. 2991.

Senate Report 102-431.—Capability of the United States to Monitor Compliance with the START Treaty.

Senate Hearing 102-91.—Review of Intelligence Organization.

S. Hearing 102-799.—Nomination of Robert M. Gates to be Director of Central Intelligence.

S. Hearing 102-850.—Nomination of Vice Admiral William O. Studeman to be Deputy Director of Central Intelligence.

S. Hearing 102-894.—S. 2198 and S. 421 to Reorganize the United States Intelligence Community.

S. Hearing Report 101-1293.—Hearings on S. 2726 to Improve U.S. Counterintelligence Measures.

Executive Report 102-19.—Nomination of Robert M. Gates to be Director of Central Intelligence.

Senate Print 103-12.—The Intelligence Community's Involvement in the Banca Nazionale del Lavoro (BNL) Affair.

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