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NAVAL INVESTIGATIVE SERVICE

FAIRMONT BUILDING

4420 NORTH FAIRFAX DRIVE

ARLINGTON, VIRGINIA 22203

IN REPLY REFER TO

17 July 1967

MEMORANDUM

From: NIS-09

To: NIS-01

LAST → NIS-00

NIS-20

NIS-40

NIS-52

See - Comments provided

See - Comments provided

Subj: Draft SecNav Briefing

1. Attached is a draft briefing, to be held in readiness, for SecNav.
2. I would appreciate comments as to content and style. I personally consider it lacks oomph.
3. We have no idea when we might be called upon to brief SecNav. We could, however, be called at any time. I'd therefore appreciate early review so we can be sure to be ready.
4. The last several pages include Secret data, plus a generalized KILL discussion. By hand delivery to next point and return to me are requested.

Rspg.

BLW

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B. L. WILLARD

Auth: EO12958

Date: 13 Aug Unit: NGIS 0028

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Date: Unit:

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Secret Attached

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SECNAV BRIEFING

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Unit: NCEJ 22

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Mr. Secretary -

The objectives of the Navy's security effort are (Chart 1) to:

- a. Prevent espionage and compromise of sensitive information;
- b. Prevent sabotage;
- c. Prevent subversion.

There are two types of subversion. One relates to efforts to weaken the morale and patriotism of our personnel. This would include, for example, Communist - versus idealistic - peace propaganda. The other relates to efforts to infiltrate disaffected individuals into positions which would provide opportunities for actions that could be detrimental to National security.

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The objectives of the investigative effort (Chart 1) are:

- a. Crime prevention and detection;
- b. Security.

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The security and criminal objectives are linked in two ways. One

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criminally inclined individuals are likely to be poor security risks.

Secondly, the criminal investigative techniques and those used in counter-intelligence operations are essentially the same.

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The Navy seeks to attain these various objectives through: (Chart 2)

a. Personnel Security Programs

(1) Military

(2) Civilian employees

b. The protection of information program:

The rules for access, handling, transmitting, stowing
information.

c. Investigations

d. Counterintelligence operations

e. Liaison with other law enforcement and counterintelligence
agencies.

(1) FBI

(2) CIA

(3) Foreign Intelligence agencies

(4) State and Municipal agencies

(5) Others

f. Censorship (Planning in peace; operations in wartime)

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The major division of responsibilities at the Department level in these efforts are: (Chart 3)

a. CNO

(1) Rules for protecting information - and inspection of command performance;

(2) Investigations;

(3) Counterintelligence operations;

(4) Naval personnel security;

(5) Industrial security;

(6) Censorship planning.

b. CMC

(1) Marine Personnel security;

(2) Combat related counterintelligence

c. DUSM

(1) Civilian Personnel security.

These matters and, of course, command implementation constitute the Navy's counterintelligence effort in the broadest sense of the term. SECNAV has directed that the effort find focus in one official under CNO, and has

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designated the ACNO (Intelligence) to be the focal point. This assignment includes both intra and extra-Navy relationships.

EXTRA-

The major Navy agencies concerned are: (Chart 4)

- a. The Director of Security Policy, OSD
- b. The Defense Intelligence Agency
- c. The Civil Service Commission
- d. The Department of Justice
- e. Department of State
- f. The Central Intelligence Agency

The Director of Security Policy, , coordinates the entire DOD

security and investigative policy effort. The DIA coordinates and integrates the DOD counterintelligence effort. DIA also monitors such effort from a management standpoint, with especial reference to validating program and budget submissions. The Civil Service Commission has government wide responsibilities for government civilian employee security. Justice has overall internal security responsibility, into which our program must fit. The FBI and the Internal Security Division are our primary contacts in Justice.

State's political and intelligence reporting is invaluable.

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Counterintelligence operations are inextricably linked to positive intelligence activities. ~~Both~~ The FBI and CIA are both sources and fellow operating agencies - with the Navy's counterintelligence and security effort.

ACNO (Intel.) fulfills his coordinating and substantive role through an immediate staff and through the Naval Investigative Service.

The mission of the Director, Naval Investigative Service (Chart 5) is: "..... to maintain, command, and operate a world wide organization to fulfill the investigative and counterintelligence responsibilities of the Department of the Navy (lets those combat related counterintelligence matters within the functional responsibilities of the Marine Corps....."

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The Naval Investigative Service Headquarters includes personnel who assist in the development of security policy and who participate with the Inspector General in reviewing command performance in protecting sensitive information.

These people, in conjunction, with ACNO (Intel's.) immediate security policy staff - produce the Navy Security Manual - the overall Navy security regulation. They work with OSD in developing DOD wide programs. This Chart

(Chart 6) lists their major activity.

The Naval Investigative Service is a field organization, under a Director, who reports militarily to the Commander, Naval Intelligence Command but is also double-hatted to the ACNO (Intel.) as the latter's Assistant for CI Plans and Policies.

The NIS is comprised of its Headquarters (in Arlington), and 23 field commands. Each field command has detachments, generally known as NISRA's and NISO Reps. These resources are dispersed world-wide, ranging from a single civilian agent in Athens, Greece, to a civilian agent riding the America, to larger elements in Europe, the United States, Japan, the Philippines, and Vietnam. It has representatives in over 130 cities in the U.S., and in 41 different foreign posts.

Our June, 1966, strength and distribution is shown on this chart. (Chart 7) These figures are not FY 67 averages. They reflect build up towards our budgetted FY 68 strength, which is shown on this chart. (Chart 8) You will note the Civ-Sub column. We have been told to implement the Civ-Sub program but have practically been told that no funds therefor will be forthcoming.

Our FY 68 initial apportionment is also shown on this chart. This is less than we estimate we will need, not counting the CivSub funds required.

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Our counterintelligence activities include:

- a. Special operations. I will discuss this in detail later.
- b. Collation and synthesis of counterintelligence data and briefing of Naval Commands - and forces. This includes in-depth research, using all sources, to produce overall studies, trend reports on matters, domestic and foreign, that might affect Navy security.
- c. Providing guidance to field collectors - CIA, Defense Attaches, others - as to gaps in our knowledge of foreign intelligence systems. Chart 9 lists the major products.
- d. Contributing to the DoD counterintelligence effort, at the JCS and U. & S. Command levels, and to the national counterintelligence effort along with CIA, FBI, and the other military services.

Quantitatively, the largest NIS effort (utilizing around 90% of its resources) is in investigations. This is a growing effort, as is revealed by this chart showing our FY 63-67 trend. (Chart 10) You will note the increase in BI's. This derives both from more stringent DOD security requirements - and the increasing percentage of Navy hardware requiring security classification.

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Incidentally, we expect to conduct around 41,000 BI's and 14,000 ENAC's in FY 68. We average around 25 contacts with the public per BI and 3.6 per ENAC. We, thus, expect our agents to make well over one million such contacts in FY 68. Many of these contacts are the sole direct contacts many citizens will have with the Navy. We are very conscious of our Navy public relations responsibilities and opportunities - and we indoctrinate our people accordingly.

Our FY 68 workload forecast, on which we predicated our budget request, is as shown in Table 11. I'm afraid we guessed wrong in some areas, if FY 67 experience is indicative. This Chart (Chart 12) shows the FY 66/67 changes in our criminal load. You will notice the upward trend in narcotics. If the trend persists, we shall have to try even harder to keep up. Our '68 work forecast was, of course made long before our FY 67 statistics became available.

We also may have overestimated our productivity on criminal cases. The recent court decisions concerning ⁶CMA to legal counsel (the Tempia decision by CMA) may have a marked impact. Not from making our task substantively more difficult, but, rather, from the fact that henceforward we can probably

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expect fewer outright confessions. Thus we may have to do more work to arrive at the same result.

I might say a word here about our investigative personnel.

Our professional investigators are contract personnel - a unique category of Federal employees. They are Federal employees in every sense but they are not Civil Service, nor do they have the status of special employees such as CIA or FBI personnel.

Our people are paid from Confidential funds - funds made available to you by the Congress for Extraordinary Expenses. In fact, I believe we use most of your appropriation in that appropriation category.

Our agent employment standards are high relative to those in the other military departments. We require an academic degree - with provisions for a waiver in - but only in - exceptional cases. Our training is intense. Incidentally, the other military services utilize military investigators primarily.

Our demands on our agent personnel are rather strenuous. In calendar 66, we had 775 paid man years of agent employment. These personnel worked 70.11 uncompensated man years of overtime. This overtime represented 9.4%

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of our total productive investigative time.

A disappointment in our FY 68 budget efforts was that our request for funds for overtime compensation was disallowed. Parenthetically, FBI agents are routinely paid overtime.

I said earlier I would speak again of our special counterintelligence operations.

Both in CONUS and overseas we engage in passive and active efforts to frustrate hostile intelligence.

An example of a passive effort is our identification of Naval personnel who act as eyes and ears ashore in foreign ports to report back likely security problems. We use especially selected enlisted personnel in such places as Holy Lock^h, Rota, etc., from which our SSBN's deploy. We brief them thoroughly on indicators of undue interest by foreigners - people in

bases recreational facilities, etc., likely to be used by Naval personnel. Also, they report excessive character weaknesses on the part of cleared USN personnel which could lead those personnel into recruitment by hostile intelligence services. They work on themselves only to themselves,

their CO and XO's, and our handlers. These men are not spying on their fellows - nor are they engaging in clandestine operations. They simply report what they see and hear. We take it from there.

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In a more active operation we are working with FBI (and, occasionally, CIA) in a program to induce Soviet activities and, hence, exposure. This involves the very careful selection of military personnel who make deliberate ~~contact~~ contact under close FBI/NIS direction with Soviet personnel legally in the Country (example: Embassy personnel). Once an operation is going, we "feed" carefully tailored, pseudo-sensitive data.

The objectives here are two fold: if the Soviet's take the bait (and they have) we learn more of their techniques, security procedures, want lists, espionage personnel *also* ~~also~~ through carefully prepared Also, if we are able to deceive the Soviets, through carefully prepared "feed" material, to embark on expensive and fruitless research projects, so much the better. ~~perhaps even more so~~ - we might eventually surface (that is, identify) our involvement, thus embarrassing the Soviets, making them distrust their field operations, distrust the data they've bought - and be distrustful of the type of people (eg., the Martins and Mitchells) that are genuine defectors.

This is a long, slow, ~~tedious~~ operation. The people we are using do this purely from patriotism. Their sole reward is in their feeling of service to their Country. They get no other pay.

I might say here that our involvement in this program was approved personally by Mr. Nitze.

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Espionage is, of course, not just a matter of wits. Technology plays a major part. The Technology of clandestine listening devices is a highly developed one. Over the years these devices get more and more efficient, smaller and smaller, and harder and harder to detect.

I have here some sample of some of these (*Hardware display*.)

The scale of hostile intelligence use is illustrated in the fact that between 1947 and 1965 over 600 devices have been detected and found by U.S. and U.K., intelligence services in locations throughout the world: ranging from the Great Seal of our Embassy in Moscow to the bedrooms of some of our people in Bloc residential areas.

The U.S. effort to counter the threat is a community-wide one. State, FBI, CIA, the military intelligence agencies, all under the NSC Technical Surveillance Countermeasures Committee. Some tremendously advanced research is underway, and the cost is in the millions.

NIS has the anti-CLD responsibility for Navy. We have only a very small program - around 15 technically trained CI personnel who ~~manage~~ ^{manage} the world sweeping Naval installations.

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We got into the act rather late, and we are seeking to make our contribution to the National effort. There are skills in the Navy, ~~that~~, eg., at NRL, that can go for towards solving some of the problems.

Up till now, NIS has not had an approved R&D role in the National effort. Notwithstanding, some \$3 to 400,000 Navy R&D funds have been channeled into the effort in each FY 66 & 67.

DCNO (R&D) has now approved a G.O.R. for the years 1969-73 at a rate of around 1.6 per year. Our budget request for those years will, of course, reflect these figures.

We have no hope at this time for a FY 68 R&D effort, since we had no formal program.

As a ~~final~~ personal service note, we will be sweeping your office here.

We will do ^{so} on arrangement with you ^R/aide.

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Chart

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OBJECTIVES:

Security - Prevent:

- a. Espionage/Compromise
- b. Sabotage
- c. Subversion

Investigations:

- a. Prevent/Detect Crime
- b. Security

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CHART
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2

OBJECTIVE ATTAINMENT/METHODOLOGY:

- A. Personnel Security Programs
 - 1. Naval/Marine
 - 2. Civilian Employees
- B. Information Protection
 - 1. Rules for Access, Handling, Stowing, etc.
- C. Indoctrination/Motivation
- D. Investigations
 - 1. Security
 - 2. Criminal
- E. Counterintelligence Ops.
- F. Liaison
 - 1. FBI - CIA - Foreign Intelligence - Others
- G. Censorship

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CHART

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Chart

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DEPARTMENTAL RESPONSIBILITIES

CNO

Info Protection

Naval Personnel

Investigations

CI Ops

Industrial Security

Censorship

Security Education

CMC

Marine Personnel

Combat CI

DUSM

Civilian Personnel

CNO (ACNO - Intel.) Monitors and coordinates all aspects.

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CHART

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MAJOR NON-NAVY PARTICIPANTS

Director, Security Policy - OSD

DIA

Civil Service Commission

Department of Justice

1. FBI

2. Internal Security Division

State Department

CIA

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Chart
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MISSION - NIS

".....to maintain, command, and operate a world-wide organization to fulfill the investigative and counterintelligence responsibilities of the Department of the Navy (less those combat related counterintelligence matters(under the)..... Marine Corps."

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Chart

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6

INFORMATION PROTECTION DOCUMENTS/ACTIVITIES

Policy Regulations

Security Manual

Security Equipment Guide

Security Indoctrination Guide

International Programs

NATO

CENTO

SEATO

Special Programs

Ultra Sensitive

SIOP

Travel Control

Special Intelligence

Executive Orders/Statutes

Administration

Inspections

Seminars

Interpretation

Special Access
Authorizations

Security Compromises

Security Education

Travel Controls

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Chart

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NIS Personnel Distribution (June, 1966)

	<u>Officers</u>	<u>Enlisted</u>	<u>Civil Service</u>	<u>Agents</u>	<u>Total</u>
Naval District NISO's and NISHQ	97	216	672	805	1,790
NISO's, Foreign	<u>23</u>	<u>65</u>	<u>18</u>	<u>95</u>	<u>201</u>
TOTAL	120	281	690	900	1,991

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CHART 3

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Chart
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RESOURCES REQUESTED FOR FY 68

Personnel Allowances

Civ. Sub. Effect

Officer	120
Enlisted	281
Civil Service	750
Agents	<u>908</u>
Total	2,059

-3

-52

+55

Funds

OMV	7,023,000
C&CI	<u>10,305,000</u>
Total	\$17,328,000

To be corrected

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CI ACTIVITIES AND PRODUCTS

Special Ops

CI Reporting

PCCI

CI Briefs/Spot Reports

Organizational Characterizations

Guidance to Collectors

FBI

CIA

State

DIA:

Attaches

Other Military Collectors

National Intelligence Contributions -

Foreign Naval Intelligence/Security
Organizations - Activities

Hostile Foreign Intelligence Activity

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Chart

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<u>FY</u>	<u>BI's</u>	<u>CASES</u>
1963	29,600	48,100
1964	39,000	56,000
1965	37,000	55,000
1966	39,600	61,700
1967	45,000	65,500

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Chart

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Investigative Workload Estimates, FY 68,
As Submitted in FY 68 Budget Request

	<u>BI</u>	<u>ENAG</u>	<u>Crim.</u>	<u>Others</u>	<u>Total</u>
Military	34,500	5,200	8,000	XX	47,700
Civil Service	2,575	300	XX	XX	2,875
Industrial	4,400	8,800	XX	XX	13,200
Miscellaneous	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>6,350</u>	<u>6,350</u>
Total	41,475	14,300	8,000	6,350	70,125

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Chart

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	<u>FY 66</u>	<u>FY 67</u>
	<u>Closed</u>	<u>Closed</u>
Fraud	409	570
Criminal (Property)		
Blackmarket	63	64
Customs	30	12
Others	<u>1,356</u>	<u>1,848</u>
Total (Crim. Prop.)	1,449	1,924
Criminal (Persons)		
Homicide/Suicide	114	189
Narcotics	678	1,206
Others	<u>727</u>	<u>970</u>
Total (Crim. Per.)	1,519	2,365
Criminal (Sex)	<u>4,333</u>	<u>4,139</u>
GRAND TOTAL	7,710	8,998

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