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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:

To:

NIS-01 **Rem**-Carreste presended NIS-00

1 AST -7 NIS-00

NIS-20 NIS-40

NIS-52

Subj: Draft SecNav Briefing

- Attached is a draft briefing, to be held in readiness, for SecNav.
- 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 KILO discussion. By hand delivery to next point and return to me are requested.

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SECRET/KILO

SECNAV BRIEFING

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SECRET/KILO

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.

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

a. Crime prevention and detection;

b. Security.

Declared / Downgrade to

The security and criminal objectives are linked in two ways. One page: Supply Unit: No.

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.

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

- Personnel Security Programs
 - (1) Military
 - (2) Civilian employees
- The rules for access, handling, transmitting, stowing information.

The protection of information program:

- Investigations
- Counterintelligence operations d.
- Liaison with other law enforcement and counterintelligence agencies.
 - (1) FBI
 - (2) CIA

Declassified / Downgrade to agencies 12458 (3) Foreign Intelligence

.. Unit: NCES 88 (4) State and Municipal agencies

- (5) Others
- Censorship (Planning in peace; operations in wartime)

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

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.

(1) Marine Personnel Dardasty; O 1999 (2) Combat related country.

DUSM

(1) Civilian Personnel security.

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

coordinates the entire DOD

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

EXTRA-Navy agencies concerned are:

- The Director of Security Policy
- The Defense Intelligence Agency
- The Department of Justapaclassified Downgrade to ...

 Department of State
- e.
- The Central Intelligence

The Director of Security Policy, Dage 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 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. 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.

is: "..... to maintain, command, and operate a world wide organization
to fulfill the investigative command to fulfill the investigative companies compared to fulfill the investigative companies compatibilities of the Department of the Navy with the strose compatibilities of the Marine Corps....."

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

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(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 latters 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 Now Proposed Propo

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:

- Special operations. I will discuss this in detail later.
- 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. 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 mote the Downgrade increase in BI's. This derive more stringent DOD secur ments - and the increasing per ntage 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 become available.

We also may have overestimated the productivity on criminal cases. The recent court decisions concerning that 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 pale.

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%

Secret

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 perfection of Naval personnel eclassive of ports to report back likely.

Authorized entitled personnel in such places as Holy Lock, Rota, etc., from which our SSBN's deploy. We brief them thoroughly on indicator of undue interest by foreigners - people in

Also, they report excessive character weaknesses on the part of cleared USN personnel which could lead those personnel into recruitment by They hostile intelligence services.

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 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

Also, if we are able to deceive the Soviets, 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, "feed" material, to embark on expensive and fruitless research projects, so much the better.

is, identify) our involvement, thus embarassing 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, traction, operation. The people we are using a control of 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 (Hardwar, 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 power age to

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Survellience Countermeasures Committee, Sometremandously advanced research

Date:

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

See

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, 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 on arrangement with you aide.

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Chart 1

OBJECTIVES:

Security - Prevent:

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

Investigations:

- a. Prevent/Detect Crime
- b. Security

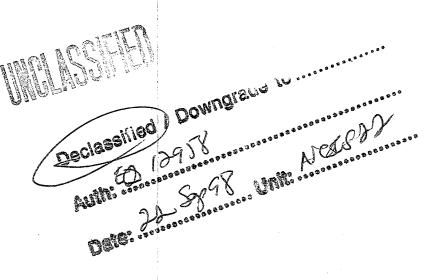
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Chart

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OBJECTIVE ATTAINMENT/METHODOLOGY:

- A. Personnel Security Programs
 - l. 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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DEPARTMENTAL RESPONSIBILITIES

CNO

CMC

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Info Protection

Marine Personnel

Civilian Personnel

Naval Personnel

Combat CI

Investigations

CI Ops

Industrial Security

Censorship

Security Education

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

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Chart

MAJOR NON-NAVY PARTICIPANTS

Director, Security Policy - OSD

DIA

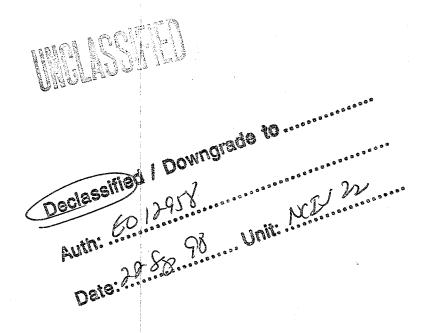
Civil Service Commission

Department of Justice

- 1. FBI
- 2. Internal Security Division

State Department

CIA



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Chart

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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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/Statues

Administration

Inspections

Seminars

Interpretation

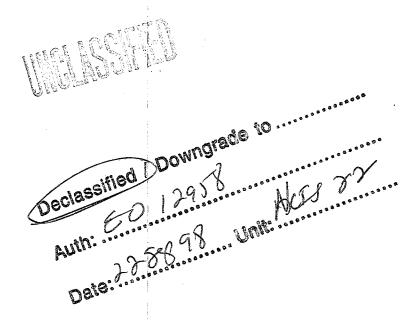
Special Access

Authorizations

Security Compromises

Security Education

Travel Controls



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NIS Personnel Distribution (June, 1966)

| | Officers | Enlisted | Civil Service | Agents | Total |
|---------------------------------|----------|----------|---------------|--------|-------|
| Naval District NISO's and NISHQ | 97 | 216 | 672 | 805 | 1,790 |
| NISO's, Foreign | _23 | . 65 | 18 | 95 | _ 201 |
| TOTAL | 120 | 281 | 690 | 900 | 1,991 |



CHART 3

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RESOURCES REQUESTED FOR FY 68

| Personnel Allowances | | | Civ. Sub. Effect |
|----------------------|-------|---|------------------|
| Officer | 120 | | - 3 |
| Enlisted . | 281 | | - 52 |
| Civil Service | 750 | | +55 |
| Agents | 908 | | |
| Total | 2,059 | • | |

Funds

0MN

7,023,000

C&CI

10,305,000

Total

\$17,328,000

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Chart 9

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 Waval Intelligence/Security
Organizations - Activities

Hostile Foreign Intelligence Activity

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Investigative Receipts Trend (Rounded)

| FY | BI's | CASES |
|------|--------|--------|
| 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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Investigative Workload Estimates, FY 68, As Submitted in FY 68 Budget Request

| | BI | ENAC | Crim. | Others | Total |
|---------------|--------|----------|-------|--------|--------|
| 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 | XX | <u> </u> | XX | 6,350 | 6,350 |
| Total | 41,475 | 14,300 | 8,000 | 6,350 | 70,125 |

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Chart

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Criminal Case Trend

FY 66 - 67

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