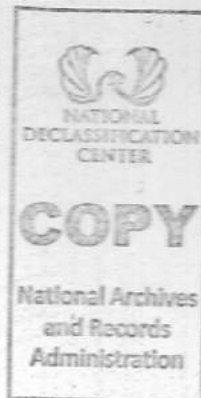


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MANPOWER

ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

13 MAR 1965



## MEMORANDUM FOR THE SECRETARY OF DEFENSE

Pursuant to the instructions contained in your memorandum dated November 7, 1964, a broad and detailed analysis of the entire Department of Defense personnel security program has been made. The report of the survey is contained in the attached four volumes:

- I - The Administration of the DoD Personnel Security Program
- II - DoD Investigative Operations
- III - Statistical Summary of DoD Investigative Operations
- IV - A Review of Security Regulations and Index to Studies Relating to Security Programs

Portions of the data contained in the summaries in Part III were submitted subject to qualifications. The Department of the Army transmittal of data stated in part:

"It is noted that the statistics furnished do not pertain solely to the Army's criminal and personnel security investigative functions. The units for which cost figures are submitted perform other functions in the field of counterintelligence, physical security, and security of classified information and material. It is also noted that because of the reorganization of both the US Army Intelligence Corps and Criminal Investigation Detachments within CONUS effective 1 January 1965 (Project Security Shield), variations in the statistics submitted will occur in the near future."

The Department of the Navy transmittal stated in part:

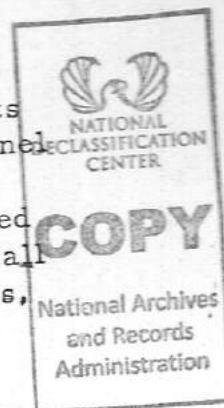
"Naval District Intelligence offices have tasks other than investigations: Naval Intelligence and Naval Air Intelligence Reserve matters, Censorship planning, industrial

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2

security adjudications (until this is transferred to DSA), positive intelligence collection, etc. Under the circumstances, the basic data we are forwarding in the Formats provided with your memorandum relate solely to personnel in the Investigations subunit of the components involved. Command and administrative costs have not been included in these Format reports even on a prorated basis since all such costs are incurred in particular metropolitan areas, but the services provided by the personnel involved are Naval District wide in application and effect."



The Department of the Air Force and the National Security Agency data were submitted without comment.

As a consequence of the survey certain recommendations for improvement in procedures and organization were developed. Pursuant to your direction these recommendations were submitted to the Service Secretaries for comment and the comments received are attached. The results of the study and the recommendations were coordinated with the Assistant Secretary of Defense (Administration) and the General Counsel of the DoD.

In view of the report of the personnel security survey and the comments received from the Military Departments, I have certain recommendations to submit to you for action to improve procedures and organization in the DoD personnel security field. However, before considering these recommendations I would like to provide you with a profile of the DoD personnel security organization and procedures.

#### Background Information

Basic DoD personnel security policies and procedures are set forth in DoD Directives. These are derived from the Constitution, statutes, Executive Orders and court decisions. The Military Departments and other DoD components, in turn, have issued implementing directives. Responsibility for administering personnel security has been assigned to each DoD component.

Personnel security investigations required by DoD Directives are performed by the investigative organizations of the Military Departments: the Army Intelligence Corps, the Office of Naval Intelligence, and the Air Force Office of Special Investigations. NSA has an investigative support unit as do DASA, DIA and OSD.

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Prior to January 1, 1965, investigators in the Army Intelligence Corps within CONUS were not under the direct control of a central operating head; they were under the operating control of the various ZI Army Commanders and the MDW. Effective January 1, 1965, the Army Intelligence Corps Command undertook central command responsibility for the management of personnel security investigations. Personnel of the Intelligence Corps also are engaged in collection of positive intelligence. Criminal investigations in the Army are conducted by agents of the Criminal Investigations Division (CID) who are not centrally directed by the Provost Marshal General, but are under the control of the various ZI Army commanders and the MDW.

In the Navy, personnel security investigations and criminal investigations both are conducted by the Office of Naval Intelligence (ONI). ONI investigators are centrally directed and their activities are world wide and extend also to positive intelligence collection.

In the Air Force, the Office of Special Investigations (OSI) is a purely investigative organization conducting both personnel security investigations and criminal investigations. It is centrally directed on a world wide basis. OSI is organized like the FBI.

NSA investigations are directed from NSA headquarters. Inasmuch as NSA investigative capability amounts to approximately one percent of the DoD total and is not engaged in performing BIs on the scale of the Military Departments, and inasmuch as NSA investigators perform special services in support of NSA activities, NSA investigative activity was not treated as extensively in the survey as the activity of the Military Departments.

As you know, there are two types of personnel security investigations: (1) the National Agency Check (NAC), and (2) the Background Investigation (BI). The NAC involves a check of official records in the custody of the Federal Government to determine whether derogatory information exists in such records with respect to the individual being investigated. Essentially it is a negative check in that the absence of derogatory information provides the basis for certain actions such as a SECRET security clearance. Normally, the NAC does not provide positive information with respect to the nature of the individual being investigated.

A BI on the other hand, includes a NAC and also involves checking sources outside the Federal Government, such as schools, places

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of employment, interviews with neighbors and other individuals believed to have information regarding the person being investigated.

Both the NAC and BI are initiated following completion of certain DoD personnel security forms. Information obtained from the forms discloses the national agencies which are to be checked; the same forms provide "leads" for investigators to follow when conducting the BI.

The office of the investigative agency initiating the investigation is known as the control office or office of origin. In the case of a NAC the control office sends the request to the appropriate NAC center of the investigative organization. In the case of a BI the control office investigates leads within its jurisdictional area and disseminates leads to other investigative units throughout CONUS as appropriate for investigation. After these investigative units have investigated the leads they return the results to the control office where the file is put together. In the event the file contains no derogatory information, the command requesting the investigation is so notified. In the event the file contains derogatory information, it is forwarded to the command which requested the investigation for appropriate action. Where derogatory information of a loyalty nature is disclosed in the course of an investigation the FBI is notified. The FBI then determines whether the FBI or the military service will complete the investigation.

Each of the three military investigative agencies has its own style of organization. In CONUS Army investigative activity is divided among 7 regions, the Navy 13, and Air Force 20. These regions, obviously, are not coterminal. There are over 6,000 DoD personnel in CONUS engaged in personnel security and criminal investigations, of which about 4,200 are military and 1,800 civilian; over 3,800 of the total 6,000 are engaged directly as investigators while 2,200 personnel are engaged in support of the investigative activity.

Almost 60 percent of the investigative personnel are located in 21 metropolitan areas. All DoD investigative personnel in CONUS are located in 700 units throughout CONUS. The units vary in size from large offices down to one man units. The Army has 422 units, the Navy 94, Air Force 182, and NSA, 2. The number of investigative personnel available to the Military Departments in CONUS varies: Army, 3,201; Navy, 869; Air Force 1,610; and NSA, 70.



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The "mix" between military and civilian investigative personnel varies considerably:

	Military	Civilian
Army	2,688 (84%)	513 (16%)
Navy	111 (13%)	758 (87%)
Air Force	1,535 (95%)	75 (5%)
NSA	----	70 (100%)

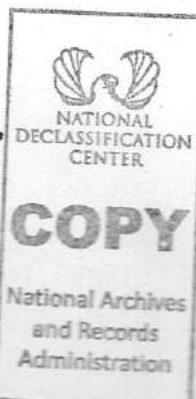
As noted in the Foreword to Part III of the Report, the Services estimate that the number of personnel located overseas engaged in investigative and investigative support activities number 1,840: Army, 930 (made up of 480 criminal and 450 security investigative personnel); Navy, 250; and Air Force 660. Another 2,050 Army Intelligence Corps personnel are reported to be involved in the collection of positive intelligence service type operations not directly related to personnel security operations. ONI has an additional 50 personnel overseas not engaged in personnel security or criminal investigative activity, and OSI, 440.

Investigative personnel turnover for Fiscal Year 1964 was reported as follows: Army 39%, Navy 6%, Air Force 16%.

Navy civilian investigators are contract employees and as such are not subject to DoD personnel ceilings, although their number is controlled by the dollar amounts set forth in the appropriation for "emergency and extraordinary expenses". Civilian investigators of the Army, Air Force and NSA are appointed under Civil Service Commission regulations on a non-competitive basis as "excepted" employees. However, civilian investigators of the Navy are entitled to retirement under the special legislation which provides for retirement, under certain circumstances, of persons engaged in investigation, apprehension or detention of criminals, after 20 years of service. This authority is available to other civilian investigators of the DoD who perform personnel security and criminal investigations.

It is estimated that 70 percent of the total DoD CONUS investigative activity is directed toward conducting BIs. During Fiscal Year 1964, the military investigative agencies conducted 200,000 BIs; rounded off there were 160,000 for military personnel and over 20,000 each for civilian personnel and personnel in defense industry.

During Fiscal Year 1964, the Army conducted almost 78,000 BIs, the Navy, 35,000 and the Air Force over 87,000. During the same



period, there were an additional 587,000 NACs, there being 400,000 military, almost 19,000 civilian and 168,000 for personnel in defense industry. Of these the Army conducted approximately 192,000, Navy 169,000 and Air Force over 226,000.

Based upon information reported by the Military Departments and NSA, it appears that the total direct cost to the DoD for conducting personnel security and criminal investigations in CONUS during Fiscal Year 1964 amounted to \$41,836,000. Personnel costs amounted to \$34,050,000; office space, \$1,590,000; 2,463 vehicles, including cost of maintenance, mileage, and rental, the cost of new vehicles acquired, \$2,676,000; per diem travel and transfer costs came to \$2,340,000; and training costs were estimated to be \$1,180,000. More detailed statistical information is set forth in Part III of the Report.

Several estimates have been made of the cost of conducting the average BI and it appears from the report that the average cost for BI completed in Fiscal Year 1964 was \$145. The cost of a NAC has been estimated to run about \$2. The Air Force estimates that it can handle an additional 100,000 NACs annually by augmenting its NAC processing center by 20 persons. Further information on the basis for cost estimates is set forth in Chapter XIII.

Of prime significance is the fact that there is no overall coordination or control with respect to DoD investigative activities either in planning or in operations. Each military investigative agency operates independently of the others. The cross-servicing of investigative leads between the Military Departments is almost nonexistent.

In short, this means that certain indefensible situations are permitted to exist and continue. For example, there is no assurance that duplication and triplication of investigative activity is avoided. Conceivably one investigator from each military department may be engaged in activity at a particular place, such as a university, police department or large employer, where the services of one agent would be adequate. Further, there is no procedure for the pooling of leads to distant places; this means that each Military Department may be sending an agent for some distance when the services of one would be sufficient. Likewise, in a particular geographic area, the investigative workload of one military department may be exceeding its current capability, while at the same time and in the same area the workload of another military investigative agency is less than its capability; there is no procedure for



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distributing work to investigators of another investigative agency, nor is there any procedure for assigning investigators from one agency to meet the varying requirements that arise from time to time in another military investigative agency.

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The time required to conduct investigations varies among the Services. With respect to BIs, the Air Force reports the shortest period, 60 days; the Army approximately 86 days, and the Navy in excess of 9 months, except for priority investigations, 60 days. All Services report between 21 and 24 days for NACs.

At the end of FY 1964, the Army had a backlog of approximately 3 months work; the Navy with 28,347 BI's pending had 9 1/2 months work; and Air Force, approximately 2 months work. The existence of the Navy backlog is one of the most uneconomic factors in the DoD investigative program. The chronic Navy backlog is the cumulative result of many years in which case intake exceeded productive capacity. At the time the investigative workload was increasing, the number of Army and Air Force investigative personnel was increased to meet the workload; this did not occur in the Navy.

It is estimated that the indirect cost to the Government for a month's clearance delay time on 21,000 industrial BIs runs from \$10.6 millions to \$6.3 millions, assuming a 50% employee effectiveness range (while awaiting clearance although employed), and using a range of monthly salaries of \$1,000 and \$600 respectively. Using the same salary and effectiveness ranges, the indirect cost to DoD of a month's delay time on 168,000 industrial NACs is estimated to range from \$84.2 millions to \$50.5 millions. (See chapter XIII.)

Assuming the 4,562 industrial BIs performed by the Navy during Fiscal Year 1964 exceeded a 60 day period of time for completion by 9 months, and using a 50% industrial employee effectiveness, and \$800 per month salary range, it would appear that the Navy investigative BI delay is indirectly costing the DoD in the industrial sector alone, approximately \$15 millions a year. Accordingly the elimination of the Navy backlog should save the Department of Defense \$15 millions a year of indirect cost. There would be other significant benefits to DoD too. In this connection it should be noted that the direct cost to the DoD of having ONI conduct 4,562 industrial BIs at \$145 each, is estimated to be \$661,490. (See chapter XV.)

In addition to the substantial indirect cost to the DoD, the excessive Navy backlog has other deleterious effects. It has an adverse effect upon security inasmuch as it results in a significant number of interim security clearances

which otherwise would not be required. It has a prejudicial effect upon a number of individuals in defense industry who are fired from their jobs because the employer can wait no longer for the employee to get a security clearance. Furthermore, once an employee has lost employment while a request for a security clearance is pending, such an employee is further disqualified from obtaining a company-granted CONFIDENTIAL clearance. This effectively precludes employment in the bulk of defense industry.

Because of improved procedures the Military Departments have been able to reduce the amount of time required to conduct NACs, so that on the average these are accomplished in about 23 days time. The direct cost to the DoD of performing 168,250 industrial NACs in Fiscal Year 1964, is estimated to be \$338,182 at \$2.01 per case. Using a range of average monthly salaries of \$1,000 and \$600 respectively, at 50% employee effectiveness, it is estimated that the range of one day's delay for each of the 168,250 NACs performed last Fiscal Year would run to between \$2.8 and \$1.67 millions.

In this general connection it should be noted that approximately 170,000 industrial clearances are transferred each year. Transfers of clearances occur when employees leave the employment of one defense contractor and are engaged by another defense contractor within six months of leaving the first employer. It has been estimated that the transfer of clearances under procedures currently in effect take approximately 5 weeks on the average. Under procedures to be placed into effect by the Defense Contract Administration Services of the Defense Supply Agency, all industrial clearance transfers will be handled by a central office (DISCO) located in Columbus, Ohio. It is anticipated that when DISCO is in full operation, the time required to transfer industrial clearances will be reduced to a period within 7 days' time. Should this savings in time be realized, the indirect cost savings to the DoD according to our estimates should run in the vicinity of \$67 millions a year. These plans for improved organization of DISCO were accomplished by DCAS prior to the time this personnel security survey was undertaken.

#### Recommendations

While the Report contained 22 separate recommendations for improving the efficiency and effectiveness of the DoD personnel security program, the basic Recommendation, number 15, concerns alternative organization and management arrangements for conducting DoD personnel security investigations.



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9



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Specifically, the Report considered four alternative arrangements under which personnel security investigations could be carried out. The four Alternatives are:

- I. Each military department running its own investigative organization under improved organization and operating procedures (strengthened status quo).
- II. The conduct of personnel security background investigations by a single DoD component (Air Force Office of Special Investigations to do Background Investigations for Army and Navy as well as Air Force, but Army and Navy to retain remainder of their investigative capability).
- III. The establishment of a single DoD investigative organization predicated upon tri-Service participation with one Military Department designated as Executive Agent and ASD(Manpower) developing policies and operating procedures governing the conduct of the effort (in practical effect a new Defense agency).
- IV. The conduct of DoD civilian and defense contractor personnel security investigations by the Civil Service Commission on a reimbursable basis. (Outside agency does part of the job, Services retain remainder of their capability.)

Of the four, Alternative III, establishment of a new DoD Investigative Agency, is the least acceptable. Under this proposal one Service Secretary would be made Executive Agent for the entire DoD, but he would not have authority commensurate with other existing executive agent assignments. ASD(Manpower) would be responsible for policy, management and budget review, and review of operating procedures. It is not likely that any Service Secretary would accept the single manager assignment under these circumstances. On the other hand, if the Executive Agent for personnel security investigations were to be given full authority, an important segment of the ASD/Manpower's responsibilities would be shifted outside OSD.

Alternative IV, conduct of DoD civilian and defense contractor personnel security investigations by the Civil Service Commission, is a method to augment Service investigative capability rather than to supplant it as an alternative arrangement. This is so because the Civil Service Commission would conduct personnel security investigations on DoD civilian and defense contractor personnel only, while the Services would continue to conduct

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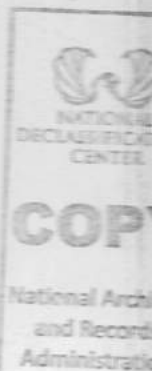
these investigations on military personnel as well as on DoD civilian and contractor personnel beyond a Civil Service capability of 35,000 cases annually. CSC currently is operating at a rate of 30,000 of its 35,000 annual case capability. In FY 1964 DoD civilian and defense contractor BI's accounted for 42,000 cases. In view of this, Alternative IV cannot be regarded as a distinct alternative, but only as a supplementary source of help in the conduct of investigations, capable of employment as a part of any of the other three alternatives but not capable of standing alone as the method of accomplishing all investigations required. Future decisions to use the Civil Service Commission capability would have to consider the cost involved. The Commission cost per case investigated is substantially greater than if the Services conducted the investigation.

Alternative I, strengthening and improving within the framework of existing organizations would cause the least dislocation of personnel and programming. Each Service would investigate its own personnel, providing strong incentive for good work; each would maintain a base of investigative manpower to facilitate expansion in event of emergency; and avoids the hazards of creating an unwieldy organization.

Whether Alternative I would prove successful would depend in large part upon whether there was vigorous implementation of needed improvements designed to overcome weaknesses in the status quo. Alternative I has an inherent weakness in that it does not provide overall DoD wide operational coordination and control of investigative activity. This results in inefficiency because it allows for triplicity of supervisory and administrative overhead such as budgeting, funding, office space, vehicles, stenographic and typing support, and communications.

There is no provision in the status quo for the allocation of investigative personnel on a national basis according to overall DoD requirements and workload. Further, on a local basis, when distortions occur for example, where a Navy office may be undermanned yet an Army office in the same area either temporarily or otherwise is having less work than it can handle normally, no effective organization is available to allocate resources on the basis of need. It does not permit the coordination of local investigative effort to eliminate duplication in running investigative leads. This results in a larger requirement for personnel than otherwise would be required.

With differences in accounting, differences in the size of organizational areas, and differences in reporting requirements, comparisons of the Military Departments are difficult and these differences under the status quo contribute to a lack of effective coordination.

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11

The Navy now has more investigative agents than it requires to accomplish its current investigative input within an acceptable time frame. Naval Intelligence reports that its current intake is running about 3,275 BI cases per month; that its current BI product is about 3,308 cases per month although in December 1964 it concluded 3,745 cases; and that over the past ten months it reduced its backlog by 3,000 cases. This distortion in the number of ONI investigators has been caused by the distorted ONI backlog, i.e., 9 1/2 months, instead of 2 months. Augmenting Navy resources would be an uneconomic way to eliminate the backlog because of (1) the heavy indirect costs incurred while it is being whittled away, and (2), because once it has been brought into line then ONI would have many more investigators than it needs in order to accomplish its then current workload.

Under Alternative II, as modified, the Department of the Air Force, OSI, would be given the responsibility for conducting all personnel security investigations; OSI would provide immediate notice to the appropriate Military Department when it finds derogatory information in the course of an investigation; however OSI would continue the investigation notwithstanding the fact that they had developed derogatory information. This latter feature is the modification from the proposal contained in the Study. In time, experience should indicate whether any change in arrangements is necessary in those cases where the background investigation discloses current information of a criminal nature.

Each of the Military Departments under Alternative II would continue to perform criminal investigations, complaint and counterintelligence investigations, i.e., those in which allegations of disloyalty, subversion, sabotage or espionage are involved and the allegations have not arisen in the course of performing a background investigation.

Assuming for purposes of discussion, that under Alternative I the Army and Navy did get down to a 60 day workload, (like OSI); there still would be no assurance that investigative resources would be operating as efficiently as they should because there would be no coordination among the three Services of leads locally, and no overall coordination of investigative personnel or other resources to meet workloads either locally or nationally on a flexible basis.

The data contained in the Survey Report amply demonstrates that there is no coordination in planning or operations between the Military Departments with respect to the conduct of personnel security investigations.



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12

The map appearing at Part II, Chapter X, following page 9 shows the large number of investigative units located in 21 selected metropolitan areas. (It is attached to this memorandum as Appendix A, for convenience.) Even within a given metropolitan area, there is no coordination of investigative activities or investigative resources between the DoD units of differing Departments.

However, inasmuch as the performance of personnel security investigations amounts to approximately 70 percent of the investigative workload, the assignment of this large function to a single entity such as OSI, as proposed in Alternative II, could go a long way toward assuring effective coordination, and on a national as well as on a local basis, for the preponderant bulk of DoD investigations.

It is recognized that certain present built-in inefficiencies now present in the structure would be apt to continue, under Alternative II, because each Service would retain some of its present investigative capability, albeit severely diminished, in CONUS. However, it should be noted that the amount of investigative resources subject to such inefficiencies would be reduced drastically to about 20% of the current effort. The other 80% would be under centralized control and management and this concentration of control would provide the opportunity to develop efficient and economical administration.

Accordingly the choice appears to be between Alternative I and Alternative II. While a strong case can be made for Alternative II, before adopting such a course of action it is recommended that the Service Secretaries be given the opportunity of undertaking improvements of their own respective investigative organizations. However, significant improvements are not believed to be likely in the absence of the Service Secretaries taking a personal interest in the development of an improved overall DoD investigative program. As a minimum the following steps should be taken:

In order to dispose of the excessive Navy backlog, the Navy should be instructed to make arrangements with the Civil Service Commission to take on immediately 500 Navy BI's per month to the extent of 5,000 cases. At the same time, the Army and the Air Force each should be required to take on 500 Navy BI cases per month for the next 10 months, or until the Navy backlog is reduced to 8,000 cases, whichever occurs sooner. The Navy should be authorized to compensate the CSC for the conduct of BI's performed by the CSC upon terms mutually agreed by Navy and CSC. The Navy should provide monthly reports to you on case intake, case product, and the status of the Navy backlog.

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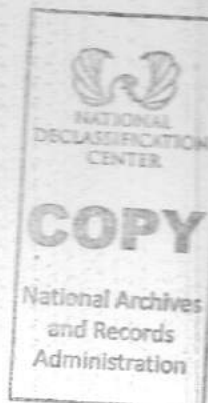
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The Service Secretaries should be directed to develop jointly a modus operandi for the cross-servicing of investigative leads, considering the following alternative possibilities and any others which they may wish to explore:

- a. The assignment of investigative leads within selected metropolitan areas by geographic sub-areas so that leads relating to a particular sub-area will be the responsibility of a particular Military Department.
- b. The establishment of a clearing house arrangement within a particular geographic area so that the assignment of leads among the investigators of the Military Departments within the area will be centralized, and made on a daily or other periodic basis, depending upon the number of leads and the number of investigators available to perform the work.
- c. Cooperative cross-servicing on a voluntary basis between offices of the Military Departments.

The Service Secretaries should be requested to provide you with a report within 60 days setting forth the plan or plans being adopted for accomplishing and measuring the extent of the cross-servicing of leads between the Departments.

The data set forth in Part III of the Personnel Security Survey Report, and the map following Chapter X, page 9, which sets forth the location of criminal investigation and personnel security units in 21 selected metropolitan areas for FY 1964, (Appendix A to this memorandum), should be drawn to their attention in particular. On its face, the number of investigative units within each of the 21 selected metropolitan areas obviously invites attention. In the light of these matters, the Service Secretaries should be requested to examine the necessity for such a large number of investigative units on an overall basis within their respective departments, and to look into the possibility of reducing the number of units through consolidation or outright abolishment, all with a view toward reducing office space costs, simplifying organization and management, improving efficiency and realizing other economies. They should consider jointly the possibility of co-locating investigative units of more than one Military Department in metropolitan areas and elsewhere in the interests of efficiency and economy, and to provide you with

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14

a report within 90 days describing their plans for reducing the number of investigative units; the identity of those offices which can be co-located with offices of another Military Department; and set forth grounds in justification for retaining each of the remaining field investigative units in the CONUS of their respective Military Department.

In view of the difficulties in making cost and effectiveness comparisons of the various investigative organizations, largely because of the differences in reporting requirements, it is recommended that ASD(Manpower) be required to develop a standard reporting system for DoD personnel security and criminal investigative organizations, taking into consideration the comments of the Service Secretaries, ASD(Comptroller) and ASD(Administration).

Other recommendations made as a result of the study are set forth below. These show the positions taken by the Military Departments, and contain recommendations for action. Except for Recommendation 1, ASD(Administration), ASD(Manpower), and the Office of the General Counsel are in agreement on all recommendations for action.

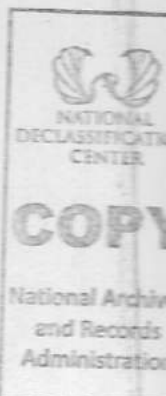
#### RECOMMENDATION 1

The creation of a new position in each Military Department where policy relating to personnel security and investigative programs will be coordinated and the programs monitored.

Comment: One of the most significant aspects of DoD personnel security administration is that there is no single official in any Military Department who has full time responsibility for monitoring the operations of the civilian and military personnel programs, and security and criminal investigations of the Department. The development of comprehensive and cohesive security policies is hindered by the division of responsibilities among numerous officials and offices. In this connection it should be noted that there are about forty DoD security Directives which require implementation and monitoring. Fragmentation of responsibility is illustrated as follows:

##### Army

- a. Under Secretary - Responsibility for all matters pertaining to personnel security (as differentiated criminal activity and law enforcement).

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15

- b. Deputy Chief of Staff for Personnel - Responsibility for monitoring of both the personnel security program and criminal investigative functions.
- c. Special Assistant to Under Secretary - Has been delegated responsibility for all security matters by the Under Secretary.
- d. Administrative Assistant to Secretary of the Army - Responsible for monitoring the civilian security program.
- e. Assistant Chief of Staff (Intelligence) - Responsibility for Intelligence Corps investigative policy.
- f. Provost Marshal General - Responsibility for criminal investigations policy.

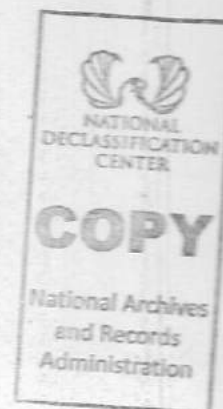
Navy

- a. Chief of Naval Operations - Responsible to the Secretary of the Navy for matters relating to security and intelligence.
- b. (00635M) (Chief of Industrial Relations) - Responsible for civilian security policies and programs.
- c. Chief of Naval Personnel - Responsible for security policies and programs applicable to Navy military personnel.
- d. Commandant of the Marine Corps - Responsible for security policies and programs applicable to Marine Corps personnel.
- e. Director of Naval Intelligence - Responsible for policy relating to personnel security investigations and criminal investigations.

Air Force

- a. Special Assistant (Manpower, Personnel and Reserves) - Responsible for monitoring the military and civilian security program. As a matter of practice also acts as focal point in the office of the Secretary for investigative program matters.
- b. The Inspector General - Responsible for personnel security and criminal investigations.

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16

The Army non-concurred. In its comment the Navy noted that "No failures in coordination have been identified. The Report cites none." Of course the most singular management failure in the entire DoD personnel security program is the chronic Navy backlog of which extensive comment was made in the Report and this memorandum. Apparently it was a fully coordinated failure.

The Air Force indicated willingness to adopt the Recommendation. ASD(Administration) non-concurred on the ground that if the Military Departments have the responsibility for security investigations they should have the authority to organize themselves in the most efficient manner to accomplish this responsibility in view of their total mission; that Recommendation 1 would be acceptable to ASD(Administration) only if it involved requesting each Military Department to designate a point of contact on security matters and one on intelligence matters or one on both if possible; and expressed the view that creating a new position to improve coordination would be wasteful.

In my view Recommendation 1 is a fundamental and essential concomitant to the adoption of Alternative I (each Department conducting investigations with improvements in organization and procedures). The fragmentation of responsibility for monitoring personnel security and investigative programs, particularly in the Army and Navy, should be eliminated in the interests of improved personnel security practice and overall security program efficiency. This is not a doctrinaire matter. I wish to emphasize that in my view the adoption of Recommendation 1 is a matter of considerable practical importance. The Office of General Counsel concurs.

Action: It is recommended that you concur.

## RECOMMENDATION 2

The establishment of a personnel security program in the Army and Navy comparable to the Air Force "ultra sensitive" program.

Comment: Army does not have such a program but expressed approval. Navy states it has the equivalent program in several fields, but no single manager. Navy expressed preference for reliance upon normal supervisory control and counterintelligence activity and did not concur.

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Action: In view of Army concurrence, Air Force practice, and the desirability of developing more positive security programs with respect to positions of unusual sensitivity, it is recommended that you approve Recommendation 2.

### RECOMMENDATION 3

The adoption of a procedure to require persons holding SECRET and TOP SECRET clearances periodically to report whether any additional information or other changes should be made to their respective DoD personnel security forms.

Action: Based upon the responses of the Military Departments, it appears that this proposal requires further study; no action by you appears necessary at this time.

### RECOMMENDATION 4

The establishment in the Navy of a central security screening board at the Secretarial level to review all civilian security cases prior to the issuance of charges.

Action: This recommendation was adopted by the Department of the Navy. Recommend your approval.

### RECOMMENDATION 5

The requisitions for Army officer personnel be required to indicate the degree of security clearance, if any, established for the billet.

Action: This recommendation was adopted by Army. Recommend your approval.

### RECOMMENDATION 6

That Army and Navy adopt the Air Force practice of requiring National Agency Checks for all enlisted personnel reporting for duty at basic training.

Comment: Army concurred in the desirability of this practice and indicated that it would be necessary to program this activity and secure the concurrence of the FBI on the matter. Navy did not concur. Air Force has been engaged in this practice for some time.

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18



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Requiring a National Agency Check early in the period of enlistment spots in advance individuals about whom troubles reasonably may be anticipated. It eliminates wasteful waiting periods for the accomplishment of a NAC subsequent to completing basic training. Furthermore, a large number of enlistees will be required anyway to get a NAC before their first year of enlistment is over prior to assignment to duties which require a NAC. The elimination of delay in obtaining clearances would offset the \$2.00 cost of conducting NACs. The early elimination of the serious criminal element would provide additional advantages.

Action: It is recommended that you approve the recommendation and that the Army and the Navy be instructed to take the matter up with the FBI to effectuate the recommendation.

## RECOMMENDATION 7

That OJCS general and flag officers not be excepted from the OJCS practice of bringing BI's of five years of age up to date prior to assignment within the OJCS.

Action: We are advised by the Director of Administrative Services, OJCS, that this recommendation has been adopted. Recommend your approval.

## RECOMMENDATION 8

That military personnel be informed when security clearances are denied or terminated for cause and be provided an opportunity to make a statement with respect thereto.

Action: Based upon the comments received from the Military Departments, this appears to be a matter which requires further study. No action by you indicated at this time.

## RECOMMENDATION 9

That one official in the Army be designated as having final authority for making determinations in Army military personnel security cases.

Comment: Army concurs. The recommendation is not applicable to Navy or Air Force.

Action: Recommend your approval.

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19

## RECOMMENDATION 10

That the Navy adopt the Army and Air Force practice of requiring each new enlistee (and draftee) to prepare a copy of DD Form 398 "Statement of Personal History", at the time of enlistment or induction and prior to entry on active duty.

Comment: Army and Air Force currently employ the practice of requiring new enlistees and draftees to prepare a copy of DD Form 398 "Statement of Personal History". Navy concurred in principle but expressed a preference for using the Navy "Application for Enlistment," NavPers Form 708.

Action: In the interests of uniform use of DoD standard forms, it is recommended that the Navy be required to use DD Form 398. This also will facilitate the accomplishment of the NAC. Please note this recommendation is a companion to and is consistent with Recommendation 6.

## RECOMMENDATION 11

In determining what information is deemed derogatory, all Military Departments follow the criteria set forth in DoD Directive 5210.8. The Army has added certain additional criteria, namely, excessive indebtedness, recurring financial difficulties or unexplained affluence, and repetitive absences without leave. It is recommended that these criteria be adopted for all DoD personnel security programs.

Comment: Army already employs these criteria for investigative purposes; Navy recognizes that the criteria are proper considerations to be covered in security investigations; Air Force concurred.

Action: It is recommended that you approve the addition of these criteria for investigative purposes.

## RECOMMENDATION 12

The establishment of a Central Clearance Group within each Military Department to determine the eligibility of civilian personnel for appointment, assignment or retention in sensitive positions, and to determine eligibility for security clearance.

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Comment: This recommendation does not contemplate the Central Clearance Group reviewing the results of investigations which are completely favorable. Further the recommendation relates to derogatory information of a security nature. Army concurred. Navy concurred in concept provided Navy could determine where function would be performed. This function is centralized in the Air Force.

Action: It is recommended that you approve the Recommendation and that the Secretaries of the Military Departments be instructed to submit implementation of the Recommendation to ASD(Manpower) within 60 days.

### RECOMMENDATION 13

Assign to the ASD(Manpower) responsibility for reviewing reports of the Military Departments concerning crime in the uniformed services.

Comment: The Military Departments concur in the establishment of a focal point in OSD to review reports pertaining to crime in the uniformed services.

Action: Recommend your approval.

### RECOMMENDATION 14

Proposals to improve the administration of the Industrial Security Program are in process of being staffed throughout DoD at this time.

Action: No action by you appears indicated at this time.

### RECOMMENDATION 15

Organization of investigative agencies.

Action: This matter was discussed earlier in this memorandum. See page 9 et seq. supra.

### RECOMMENDATION 16

The transfer of Army criminal investigators to the Army Intelligence Corps Command.

Comment: On its merits we know of no defensible reason to sustain the continued separation of the Army personnel security and criminal



investigative resources. As noted in Chapter XIV of the Report, criminal and personnel security investigations both are conducted by the FBI, Naval Intelligence, and Air Force OSI. Common management of both types of investigations provides opportunity for economies, and assures prompt and effective coordination and exchange of investigative data.

Secretary Vance approved certain recommendations of the Secretary of the Army which have resulted in the co-location of the counter-intelligence and criminal files; he approved the arrangement whereby the intelligence and criminal investigative units of the Army would remain under separate commands but be co-located physically insofar as would be practical.

Action: Inasmuch as Mr. Vance authorized the Army to undertake these arrangements for a year, and to advise him at that time whether consolidating these investigators under a single command was merited, it is recommended that you suspend action on this Recommendation pending receipt of the recommendations of the Secretary of the Army in response to Mr. Vance.

#### RECOMMENDATION 17

The Adoption of Alternative D for the elimination of the Navy backlog.

Comment: The elimination of the Navy backlog was discussed earlier in this memorandum and adoption of Alternative D was recommended.

#### RECOMMENDATIONS 18 - 19 - 20

The establishment of a central index of DoD investigations. The co-location of investigative files. The establishment of a central National Agency Check processing center.

Comment: Army concurred. Navy urged further study. Air Force recognized the advantages of the recommendations but questioned desirability of Fort Holabird location and suggested considering the use of electronic data processing.

Action: In view of the substantial agreement with respect to the desirability of the proposal on the part of Army and Air Force, and as Navy stated, inasmuch as certain areas do require additional

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22

study, it is recommended that you approve the establishment of a central index of DoD investigations, the co-location of investigative files, and the establishment of a central NAC processing center with location to be determined by ASD(M) after making appropriate studies and considering the recommendations of the Service Secretaries; that such action be taken no later than 1 year following the date of your approval, and that a progress report be submitted to you within six months after the date of your approval.

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## RECOMMENDATIONS 21 - 22

That the commander of the Navy investigative organization be the commander in fact as well as in name, having no primary responsibility other than the responsibility for managing the investigative organization.

That commanders of field investigative activities as well as all other investigative personnel should be responsible to the commander of the investigative organization and should have no mission other than investigative.

Comment: In view of the responses of the Services and the ASD (Administration), it would not appear appropriate to require adoption of these two recommendations, leaving to the Service Secretaries responsibility for determining the most efficient form of investigative organization for their particular Service.

Action: It is recommended that Recommendations 21 and 22 not be adopted.

I shall prepare the necessary implementing papers upon being advised of your views of these matters.

A handwritten signature in cursive script, reading "Norman S. Paul".

Norman S. Paul

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