



DEPARTMENT OF THE NAVY  
OFFICE OF THE SECRETARY  
WASHINGTON 25, D. C.

NATIONAL  
DECLASSIFICATION  
CENTER

FEB 24 1965 **COPY**

~~FOR OFFICIAL USE ONLY~~

National Archives  
and Records  
Administration

MEMORANDUM FOR THE ASSISTANT SECRETARY OF DEFENSE (MANPOWER)

Subj: Personnel Security Survey, 1965

Ref: (a) ASD (Manpower) Memorandum of 5 February 1965  
(b) DNI Memo to DASD (Security Policy) Ser 22550P92  
of 6 May 1964, Subj: Investigative Operations;  
cross servicing of investigative leads

Reference (a) requested comments on the report of the subject survey and the recommendations contained therein.

The Survey Report is a helpful compendium of security matters and various implications thereof and will be of use in many ways. I am pleased that Navy representatives were able to participate in the Survey.

Navy comments are set forth below and in the various attachments. Attachment (1) is our position on recommendations (1) through (14). Recommendation (15) (relating to alternative modes of investigative organization) requires detailed comment, and our views are in Attachment (2). Recommendations (18), (19), and (20) relating to files and National Agency Check centralization are contained in Attachment (3).

There is a distinct misunderstanding in the Report as to the Navy organization for the conduct of investigations, and it would appear that this misunderstanding might have formed the basis for certain conclusions with respect to the effectiveness of the Navy effort relative to the other services, as well as to certain conditions cited as "sine qua non" to continued responsibility in each department for conducting investigations. (These are essentially recommendations 21 and 22.) Attachment (2) provides detailed corrective observations on the Navy organization, keyed in some instances to statements in the Report relative to the Office of Special Investigations, United States Air Force, since, often, the statements relative to OSI appear to be the basis for implying organizational changes that should be made in the Navy. In effect, Navy already has a highly centralized investigative organization, with the responsibility for the mission clearly assigned. No major changes therein appear to be necessary.

UNSECNV CONTROL #

U-138

FOR OFFICIAL USE ONLY


  
NATIONAL
   
DECLASSIFICATION
   
CENTER

COPY

National Archives
   
and Records
   
Administration

The proposed Recommendation (17) to eliminate the Navy investigative backlog through apportioning cases to the Army, Air Force, and the Civil Service Commission is accepted in principle, subject to confirmation that the Army/Air Force cases will be on a non-reimbursable basis. In connection with this backlog problem, I am pleased to note that the Navy has reduced its backlog by around 3,000 cases within the past ten months. Further, approximately half a million dollars is being reprogrammed into the effort in the last half of Fiscal Year 1965. The in-Navy improvement in the matter is, thus, expected to accelerate. It is therefore hoped that the full eleven month program of referrals to the Civil Service Commission will not be necessary. Reimbursement arrangements, and a program for case referral, will be developed on receipt of the approval by the Secretary of Defense of the Recommendation.

I believe that much of the cost data on investigations in Part II could lead to unwarranted conclusions if presented without amplification. Shown as they are in a comparative sense, they appear to reflect differences in cost consciousness and effectiveness among the Military Departments. It is obvious that there are many identifiable but hard to determine cost aspects which would have to be considered in arriving at a true comparison. Attachment (4) discusses some of the factors which would appear relevant and thus should be identified and foot-noted as not having been taken into account in the Report cost presentations.

There are several references in the Report to the lack of an overall DOD wide "operational coordination and control" of investigations (cf. Part II, pages X.4., XI.3., and XI.4.). It is noted that no conclusions or recommendations follow therefrom, except for inferential comments in the alternatives on investigative organization. I believe the subject requires more development, if only to clarify the issues. The question arises as to the extent to which there should be "detailed operational control" on a DOD wide basis of a function which, by its nature, is frequently directly related to the day to day affairs of particular military installations and which, to be of maximum service, must be integral with the organization and command structure of the respective military departments. (In the final analysis, the OSI organization is directly subject to Air Force policies and operations, as of course, it should be.)

The Report states (Page X.7.) that it is difficult to draw comparisons among the departments. The question arises as to how far an effort should be made to draw comparisons.

51

## FOR OFFICIAL USE ONLY

An investigative organization geared to service a fleet group that may be deployed from Norfolk and take several days en route to the Mediterranean, on board which there are individuals of investigative interest (references, subjects, etc.) must be entirely different from one situated on post - or deploying with an Air Group or Army Command. Continued operations at sea pose entirely different problems than do the shorter time frame permitted by deployments of air groups, or the deployment of a Provost Marshal investigator with a combat army group. Obviously, the Army's criminal investigative problems in a combat, ground environment, possibly on captured territory, will be different than Navy's or Air Force's. Since the military departments must be geared in peacetime to many prospective combat roles and missions in wartime, an attempt to draw too finite comparisons solely in peacetime and in CONUS, seems irrelevant.

I concur in the desirability of a DOD wide management and coordination concern in this matter. For this reason, I would like to urge a better definition of the role of the DASD (Security Policy) and the Defense Intelligence Agency with respect to management of what is essentially a counter-intelligence matter (when background and counterintelligence investigations are concerned). The Navy submits its counter-intelligence and investigative budget through channels to the Defense Intelligence Agency (in accordance with the "management" role assigned DIA by DOD Directive 5105.21). These submissions include workload projections, manning levels, workload statistics, cost data (in a formula prescribed by DIA - formula different, by the way, than that used in the Survey Report). The Navy is also frequently asked for investigative and manpower data by DASD (Security Policy) - often in different time frames, etc., than that used by DIA. DIA representatives have visited ONI for briefings on methods, work flows, file organization, etc. So have representatives of DASD (Security Policy). The roles of the two organizations could be clarified with benefit overall.

I feel very strongly that there should be no major change in the basic investigative roles of the military departments, both for the reasons above, and as further developed in the various attachments. I certainly believe, however, that continued striving for economies is in order, and that such economies might be effected through more mutual assistance among the investigative organizations of the military departments. I would especially commend further consideration of the proposal made last May by the Director of Naval Intelligence, in reference (b), for "cross servicing"



COPY

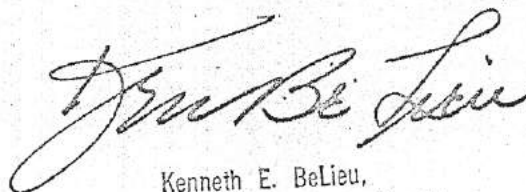
National Archives  
and Records  
Administration

FOR OFFICIAL USE ONLY

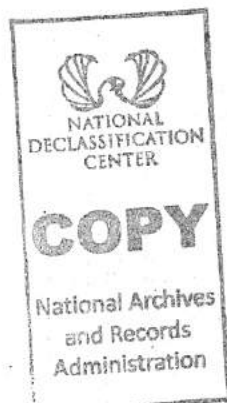
of investigative leads, especially in areas of low work and population density, and consequent high time and travel cost per unit of investigative work accomplishment. I am, further, deeply interested in the efforts by Naval Intelligence to increase its efficiency, provide better service and to lower costs, and will support those efforts.

I would be interested in having copies of the data you finally present to the Secretary of Defense.

For convenience, an index of attachments is furnished.



Kenneth E. Belieu,  
Assistant Secretary of the Navy



OFFICIAL USE ONLY

Recommendations 15, 21 and 22. These relate to the investigative organization alternatives set out in Part II of the Report, and to the idea that the "Commander of the Navy investigative organization be the commander in fact as well as in name, having no other primary responsibility than the responsibility for managing the investigative organization -- and that commanders of field investigative activities as well as all other investigative personnel be responsible to the commander of the investigative organization and -- have no mission other than investigative."

Preface to Navy Discussion. Recommendation 15 relates to the "alternatives"; recommendations 21 and 22 relate to the single task concept. The latter, however, are linked in the Report with the discussion of the alternatives -- and, indeed, as "sine qua non" to the retention by the military departments of their respective in-house investigative capabilities. A discussion, then, of the latter should be presented first in order to set the matter in context as Navy sees it.

Discussion of "Single Task" recommendations. Inasmuch as this proposal is in reality no less than a proposal to separate the intelligence and the counterintelligence functions in the Navy, extended comment appears appropriate.

Throughout the Report references are made to the organizational concept of the Office of Special Investigations, USAF, in such a manner that the inference might be drawn (and was drawn in the Report) that the OSI concept should be followed by the other military departments.

There is no discussion in the Report of the rationale or logic of the organizational concepts of the other services. The Report (on this aspect of the subject) confines itself to the subject of investigations, outside the context of the overall mission and organization of the departments.

Further, it is inaccurate in some particulars as to the Navy Organization for the conduct of investigations.

Page X.1. of Part II states "...the Office of Special Investigations is a purely investigative organization... It is centrally directed on a worldwide basis..." Page XI.6. states "...Air Force experience indicates that centralized management of investigative resources saves manpower, increases efficiency, and provides for speed and concentration of effort..." Page XI.6. states "The Office of Special Investigation is a centrally-directed world-wide organization with an investigative capability available wherever Air Force personnel are assigned." Page XII.10. states "Upon approval of a funding program, OSI distributes funds to the Districts. Thus the requirement for fund resources is developed by OSI, defended by OSI, and, once received, controlled by OSI."



**COPY**

National Archives  
and Records  
Administration

Navy Comment: OSI has some unique features. However, the investigative organization of the Navy is also "centrally directed on a worldwide basis," it has "centralized management of investigative resources," and the Director of Naval Intelligence, upon approval of a funding program, "distributes funds to...districts." The Director of Naval Intelligence develops the "requirement for fund resources," defends that requirement before budgetary authority, and the resulting funds are "controlled by" the Director of Naval Intelligence.

The Director of Naval Intelligence is specifically charged by the Secretary of the Navy and the Chief of Naval Operations with the provision of an investigative service to the Department of the Navy. He develops and defends the budget, allocates the resources (personnel and funds) among the formally organized investigative field components (District Intelligence Offices, Counterintelligence Support Activities, etc.), determines the priorities of effort, prescribes operational doctrine, hires (and fires) the civilian investigative staff - and shifts military resources at his discretion, subject only to fiscal and policy constraints, such, for example, as limitations on the number of permanent changes of stations of military personnel within a given time frame.

The Officers in Charge of the field components under the Director of Naval Intelligence do, indeed, have some functions in addition to the purely investigative (e.g., local collection of positive intelligence from sources in accordance with appropriate Director Central Intelligence Directives, monitoring of the Intelligence Reserve, etc.) But, the mission assignment for investigations is clear, and no instances of malperformance deriving from this broader responsibility are known to the Navy. Certainly none were cited in the Report.

Page IX.6. states that "...Overseas, the Army and Navy investigative elements belong to the commands in those areas and requests for investigation and the results of investigation must flow through command channels. The OSI system provides more efficient and direct service in such cases."

This is factually inaccurate with respect to the Navy. ONI overseas activities are under the military command of the local commander - as are the District Intelligence Offices within the Naval Districts. This does not mean that these Activities "belong to" the commands. The personnel allowances of all these Activities are part of the "worldwide" ceiling allowed the Director of Naval Intelligence. He can shift these resources among the various components, without reference to the commands. Further, investigative requests and reports do not flow through "command channels." Requests for investigative assistance by commands go directly to the nearest Naval Intelligence element without regard to command lines. All investigative components under the Director of Naval Intelligence cross-communicate directly with each other on investigative and counterintelligence matters, keeping the military commander informed when the subject matter is of interest to him.



NATIONAL  
DECLASSIFICATION  
CENTER

**COPY**

National Archives  
and Records  
Administration

NO OFFICIAL USE ONLY

Page XII.9. states "Although there is a clear channel of control from OSI to District to Detachment, a philosophy of "maximum efficient service" appears to prevail. Requests for investigative service normally are transmitted by the Commander of the nearest OSI element (not District Office) and the investigation is provided directly (not through the District Office) to the requesting commander with information copies being transmitted through channels to Hq. OSI. This appears to be the most efficient channel of communication in DOD investigative organizations".

ONI also has a doctrine of "maximum efficient service". For this reason, ONI units and resident agencies located at commands receive and act upon investigative requests from such commands, while keeping their superiors informed, in criminal and some security cases. This is not normally done in Background Investigations, for this category of case requires administration and controls best done centrally.

Page XII. states "...The Navy Comptroller can direct fund allocations between intelligence and investigative functions within the Office of Naval Intelligence," and "...the Navy Comptroller has a major influence in determining what funds will be made available for the investigative effort.

The only influence known to have been exerted by the Navy Comptroller is in the normal budgetary review ( a function which must be performed somewhere in the Air Force above the OSI level), and in seeking support for ONI unfunded requirements. The Navy Comptroller has never determined that ONI should spend less on its investigative operations than was originally budgetted and programmed.

Discussion of "Alternative Investigative Organizations" Four Alternatives are discussed, and a list of Advantages and Disadvantages of each is presented. The Report does not express a conclusion as to the relative merits of the Alternatives, or whether the Advantages or Disadvantages of any Alternative outweigh each other.

Alternative I -- Navy Position. Navy comments on central direction are set forth above. (Central direction is considered desirable -- and is already in being). Nevertheless, some tightening of internal management is in order -- and is being accomplished through the creation of a larger management and statistical staff.

The elimination of Navy backlog is an important problem -- but is not seen as fundamental to the organizational framework.



**COPY**

National Archives  
and Records  
Administration

The establishment of a DOD central file/index is discussed in Attachment 3. It does not appear that this aspect should be intrinsically determinative of the organizational mode.

The disadvantages cited in the Report are not considered to have any great significance. It is noted that unless the services are to be totally relieved of all investigative and counterintelligence responsibilities, including even the responsibility of an input into a central, unified service, some "triplicity of overhead" will continue in some degree. Further, a total split-out of investigations from all other departmental functions would require a separate administrative service for the functions so separated (in the Navy, the intelligence function).

It is also noted that the split-out of the investigative function (cited as a condition) would require the Navy to establish another occupational specialty (or sub-specialty) for its Naval officer personnel. At the moment, Intelligence Specialists are heavily involved in counterintelligence and investigative activities, and rotate from these to the "positive" intelligence side. The benefits of this would be lost if a purely investigative specialization were to be required.

#### Alternative II -- Navy Comments.

The retention by Army/Navy of responsibility to assume the derogatory cases from OSI would simply compound the planning, manning, problems for Army/Navy. By their nature, criminal and derogatory investigations pose a "peakload" requirement (e.g., a large number of agents are needed for criminal surveillances. The manpower therefor now comes from the overall force. It would not be available should Army/Navy lose their manpower base for the personnel security cases -- or would be available only at much higher costs than now.)

OSI does not have representatives in many areas where Navy background investigation interests are located, e.g., overseas bases such as Rota, Subic Bay, Sangley Point, Kodiak, Yokosuka, Guantanamo Bay. Further, in many CONUS locations (e.g., Norfolk, San Diego, Philadelphia), OSI investigators are not as conveniently located with respect to Naval subjects, interviewees, etc., as are ONI investigators now (or as would be the ONI investigators retained for the derogatory cases under this Alternative.) In many instances, then, OSI would either have to station OSI investigators at naval installations adjacent to the remaining ONI investigators -- or OSI investigators would have to travel to Naval installations where the ONI investigators already were. In either event, an OSI background investigator, on discovering derogatory data on a Naval subject under such circumstances, would turn it over to the ONI investigator who was already there.



**COPY**

National Archives  
and Records  
Administration

ON OFFICIAL USE ONLY

In addition to the disadvantages cited in the Report, the following additional ones are apparent:

- a. Army and Navy would be dependent on OSI for a "service" directly related to security - but without any control on level of skills, priorities, etc.
- b. OSI Detachments could be located at remote installations (e.g., Subic Bay) solely to service Navy's background investigative requirements.
- c. Several hundred highly trained, in-place, Navy civilian investigators (Federal employees\*) would have to be discharged (if they were not absorbed into the OSI -- which would be unlikely since the OSI system relies primarily on military investigators.) This trained manpower loss would have to be replaced by the selection, investigation, training, and deploying to duty stations of several hundred new OSI military investigators. (The Navy's investment would be lost. An even larger new investment by Air Force would be necessary.)

\* (Contrary to the Report, Navy civilian investigators are Federal employees. While these individuals are in a "contract status" with DNI, their service is "creditable Federal employment." They are subject to and eligible for all benefits and privileges extended to Civil Service employees (health benefits, government life insurance, retirement, leave, etc.,) and are paid salaries in the same grade amount as those authorized for Classification Act positions.)

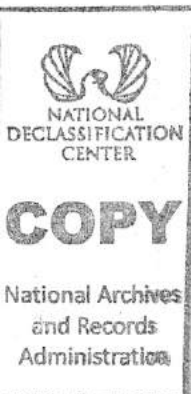
d. The military manpower base would be enlarged for an essentially non-military function.

e. Navy objects to principle (as does the Marine Corps) of the use of enlisted personnel to conduct investigations of officers.

#### Alternative III - Navy Comments.

The alternative has so many contingencies (cf. the 3 possible modes) that it cannot be spoken to directly. The concept, however, of an Executive Agent in this matter, which is so directly related to the day to day security and law enforcement activities of every individual command in Army, Navy and Air Force, seems strained whether applied nationally or on a regional scale. In addition to the disadvantages cited above, the following are also apparent:

- a. Presumably the Executive Agent would seek the place Army, Navy and Air Force investigators in the installations of the respective departments (especially for the conduct of counterintelligence and criminal investigations). It would appear that each service could plan and program much easier and better than a different military department.



OFFICIAL USE ONLY

b. Army/Navy/Air Force troop (Investigator) rotation would have to be meshed - an almost impossible job (short of re-instituting an investigative group in each department) if (a) above were to be followed.

c. Each department would have to budget independently for the support it would have to provide to this service but without any data (except that fed by the Executive Agent) as to the relative workload it should support.

d. Departmental privacy would be lost in many matters - and as a consequence many commands would avoid requesting investigative assistance, to the possible detriment of security and law enforcement.

e. The current organization includes provision for mobilization planning related to potential combat roles. If Executive Agent were Navy, it would possibly have a strong voice in the manning level of Provost Marshal units that might be sent to Viet Nam in an emergency basis.

#### Alternative IV -- Navy Comments.

The following additional disadvantages are clearly foreseeable:

a. Greatly increased costs - even if CSC costs were reduced by 50% (current reimbursement charge = \$390. Current cost when done by DOD agency \$150.)

b. CSC has no background/experience in subversive, hostage, etc., type cases. In the civilian employee program, CSC stops any investigation developing loyalty-type information, turns case over to FBI. FBI by executive fiat takes such cases. In the industrial field, CSC would have no experience, and FBI would decline the case, thus requiring it to be handled by the military departments. (Attention is invited to fact that many industrial security cases cannot be terminated - as are civilian employees - by simply ceasing to process applications. Once a request is made for an industrial security clearance, only the withdrawal of the request can stop the proceedings. The security clearance authorities must frequently remain active - or subject to reopening until final adjudication.

Navy Conclusion: CSC could accomplish civilian personnel investigations, but cost to DOD would be high. CSC could not, without major restructuring, handle the industrial cases, and either FBI or the military departments would have to be ready to handle the complaint type cases. (Attention is invited to fact that 4 agencies, by Presidential Memorandum have exclusive authority in counterintelligence type investigations.)



**COPY**

National Archives  
and Records  
Administration

ON OFFICIAL USE

Navy Comment: The various comments throughout the Report relative to deficiencies in the various indices (e.g., absence of information on discharges due to emotional instability) are concurred in. Action to correct these deficiencies is indicated. The precise method therefore, however, is not necessarily that indicated in the discussion (e.g., that such data be furnished to a Central Index Facility at Holabird). Alternative methods (e.g., checking more agencies) might prove to be more feasible and economical given the cost of input into the central indices (both by the input agencies and the Central Index).

The whole matter requires considerably more study, especially in view of the following considerations relating to the idea of merging indices of the Navy in the Central Records Facility and co-locating the files. In effect, a total "systems study" will be required before conclusions can be drawn as to the optimum system of index, NAC, and files management. Particular areas (from the Navy standpoint) that will require more study include:

a. ONI files can be located only through the use of the indices. Locating the indices at a place remote from the files would require the installation of secure and fast communications between the two points. Regardless of the system developed for index checking at a point remote from the files there would be added expense, slower response time, and thus, added costs over the current system. (Maintaining a duplicate index with the ONI files - approximately 5,000,000 index cards would be very expensive.)

b. The counterintelligence study and analysis operation of ONI (which serves the remainder of the Navy Department daily) must be near the central counterintelligence files for maximum efficiency. If ONI files were removed to Fort Holabird, the analytical personnel would either have to follow or suffer a reduction in efficiency and promptness in response to command and service departmental requirements. Many of the research and analytical personnel participate daily in such matters as USIB, ICIS, etc. Thus, not all such personnel could be transferred and dual staffing would then be required in several areas of effort.

c. The centralized control over ONI's world-wide investigative operations requires co-location of ONI headquarters investigative personnel with ONI counterintelligence (investigative) files. The comments in b. relative to the needs and functions of ONI headquarters counterintelligence personnel are also pertinent to ONI headquarters investigative personnel. Additionally, the whole concept of centralizing ONI control of BI's finds its rationale in many factors requiring co-location of files and investigative supervisors.

d. Other elements of ONI and the Navy utilize the ONI counterintelligence files daily. Remote location of these files, then, would detract from current flexibility, immediateness, etc.



NATIONAL  
DECLASSIFICATION  
CENTER

**COPY**

National Archives  
and Records  
Administration

REPRODUCED AT THE NATIONAL ARCHIVES

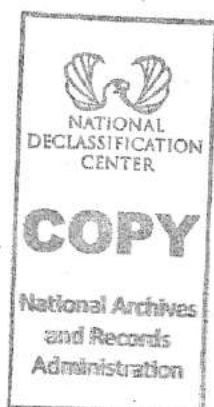
ON OFFICIAL USE ONLY

e. The running of a centralized NAC operation may or may not be more efficient than current Army, Navy and Air Force practices, since NAC's are always conducted incident to BI's and the NAC Center would require a split-out of handling in such cases.

f. The huge index holdings that would result from the centralization would almost require automation. Yet automation would be a several million dollar effort, one that would have to be planned most carefully - one the size of which has so far been beyond the ability of any agency (including CIA) to solve. Thus, no move should be undertaken pending at least preliminary automation design.

In conclusion, and contrary to the statement that centralization would result in manpower savings, etc., an in-depth systems study might well indicate a considerable increase in expense and a reduction in flexibility and efficiency.

The Navy position is that this matter requires very extended analysis and study.



OFFICIAL USE ONLY

Navy Comments on Cost Data.

Page XIII.6. includes cost estimates for BI's and NAC's down to a "cents" computation.

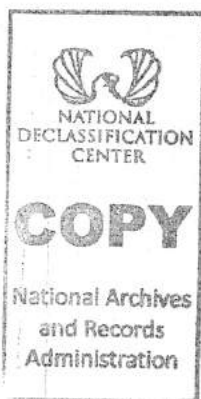
The validity of these cost statements in such precise -- and comparative -- terms is questionable, inasmuch as the various factors which might have been considered by the different Services in reaching their figures are not known.

As to the cost of a Background Investigation, it is noted that the Navy cost is indicated as \$150.00, versus \$148.00 for Army and \$106.51 for the Air Force. This exactitude also raises questions. While none of the figures are challenged for the dates indicated, questions are raised as to what the figures embrace and whether they refer to the same "product."

As to the "product," it is noted that the Air Force conducts 12,000 BI's annually on "basic airmen." (Page XVI.6.) Most such persons will have lived in only one or two geographic areas, and attended only one or two schools. A Background Investigation on such individuals will involve only a fraction of the effort required on a 25-30 year old who has been in the Navy for several years, had duty abroad, etc. The Navy has no comparable program involving large numbers of young Naval personnel. It is noted, further, that Air Force has conducted an average of 53,000 Background Investigations on Air Force personnel per year for the past four years, whereas the Navy has investigated an average of 18,000 on its Military personnel in these years. It would appear logical to conclude that most older and senior Air Force personnel will already have been investigated and that the age profile of the subjects of current BI's being conducted by Air Force will be less than that of the average Navy Subject. Until, then, the investigative content has been determined the implication that one service or the other has a lower average cost is hardly valid.

Other long range cost factors that would have to be considered would be:

- a. The recruitment, medical, uniform, basic training, etc., cost of uniformed personnel (heavily utilized by Air Force and Army) versus the absence of such costs for the predominantly civilian investigative force of the Navy;
- b. The tax rate on the total salaries of Navy civilian investigators versus the higher exemption rates on military allowances;
- c. The 10 week training course for Air Force investigators and the 16 weeks for Army, versus the 4 weeks course for the Navy investigators (with their higher educational level).



d. The attrition rate among Army and Air Force military investigative personnel (39% Army, 16% Air Force in FY '64), versus the civilian attrition rate in Navy (6% in FY '64), with all this entails in pipeline, manpower base, size and cost of student training, training facilities, instructors, etc.

e. The higher PCS frequency among military personnel, etc.

Any cost comparison that does not include the above factors should be footnoted to reflect the absence of such considerations.

