

**NOMINATION OF JOAN A. DEMPSEY TO BE
DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE
FOR COMMUNITY MANAGEMENT**

HEARING
BEFORE THE
SELECT COMMITTEE ON INTELLIGENCE
OF THE
UNITED STATES SENATE
ONE HUNDRED FIFTH CONGRESS
SECOND SESSION
ON
NOMINATION OF JOAN A DEMPSEY TO BE DEPUTY DIRECTOR OF
CENTRAL INTELLIGENCE FOR COMMUNITY MANAGEMENT

THURSDAY, MAY 21, 1998
FRIDAY, MAY 22, 1998



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NOMINATION OF JOAN A. DEMPSEY TO BE DEPUTY DIRECTOR OF CENTRAL INTEL- LIGENCE FOR COMMUNITY MANAGEMENT

THURSDAY, MAY 21, 1998

U.S. SENATE,
SENATE SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Committee met, pursuant to notice, at 11:00 a.m., in Room SD-628, Dirksen Senate Office Building, the Honorable Richard Shelby, Chairman of the Committee, presiding.

Committee Members Present: Senators Shelby, Kerrey and Baucus.

Chairman SHELBY. The Committee will come to order. We have before us today Ms. Joan Dempsey, the former Deputy Assistant Secretary of Defense for Intelligence and Security and most recently the Chief of Staff to the Director of Central Intelligence. Ms. Dempsey is the first nominee for the newly-created position of Deputy Director of Central Intelligence for Community Management.

Although Ms. Dempsey was nominated by the President just before the Senate adjourned last November, the Vice Chairman and I have waited to consider the nomination until outstanding issues regarding other positions created by the fiscal year 1997 Intelligence Authorization Act were resolved. We have reached an accommodation with the Director of Central Intelligence on these positions, and we expect the President to put forward a nominee for the position of Assistant Director of Central Intelligence for Administration, or ADCI, soon. We have also agreed to allow the DCI to fill the positions of ADCI for Collection and ADCI for Analysis and Production without exercising the Senate's right for advice and consent for up to one year while we assess the new management structure.

Ms. Dempsey, we welcome you to the Committee. From your resume, it's apparent that you're a well-qualified career intelligence professional. You appear to be entirely capable of doing a fine job as the Deputy DCI for Community Management. We will look forward to hearing your views on how you would manage the community should you be confirmed.

The intelligence community, as you know, is facing a time of revolutionary change, driven by the explosion of information technology. These rapid changes in technology must be assessed, evaluated, and quickly integrated into all phases of the intelligence cycle. The community must also have the flexibility to quickly focus on new and sometimes nontraditional targets. This requirement for

flexibility was most recently underscored by the failure to anticipate the nuclear tests conducted by India. These events caught the intelligence community by surprise, despite plenty of strategic warning that Indian leaders wanted to revise their nation's nuclear policy.

I do not agree with those who say that we weren't surprised by this because in hindsight they logically followed from what was being said publicly. This was a huge intelligence failure, in my opinion. As Mr. Brzezinski said in his recent editorial, "India's nuclear weapons tests signal a truly consequential intelligence scandal." He went on to say: "It is the task of the intelligence community to detect in a timely fashion major foreign initiatives or programs that bear either on American security or affect American foreign policy interests." More pointed than my own criticisms, Mr. Brzezinski concluded that "the failure in the case of India suggests significant and truly disturbing incompetence both on the level of collection and analysis within the intelligence community."

Did the community fail because of the way collection priorities were assessed and assigned? Was there too much reliance on certain types of intelligence collection and information, and is the intelligence community acting cohesively as a community or is it resisting truly effective integration because of concerns over bureaucratic turf? Who brokers potential disputes over such turf, and who has the authority to arbitrate agreements that stick?

Ms. Dempsey, should you be confirmed, we will look to you for creative and visionary leadership, as well as solutions to these and other equally perplexing questions. We believe this is a difficult but not impossible task.

In my view, the issues facing the intelligence community today are not simply a function of the level of resources that are available, even though this is part of the problem. I believe the intelligence community is still in many ways reacting to a changing world and not yet anticipating it.

Ms. Dempsey, our intelligence agencies are accountable to the American people for two basic things—to keep them safe from external threats and to spend their tax dollars efficiently and effectively. We will look to you to assist the DCI in ensuring that the intelligence community lives up to the highest standards of accountability.

Finally and most importantly, Ms. Dempsey, the role of this Committee is oversight. In order for us to do our job, we must have information on a timely basis. We take the statutory requirements of reporting to our Committee very seriously, and we expect you to do the same. In the position for which you have been nominated, we expect your full commitment to report to this Committee as required by both the spirit and the letter of the law. In short, Ms. Dempsey, that's what we would expect of you in this job.

Ms. Dempsey, would you please stand and raise your right hand? Do you swear that the testimony you're about to give will be truthful and complete, so help you God?

Ms. DEMPSEY. I do.

Chairman SHELBY. Please be seated.

We will include in the record, without objection, your responses to the Committee questionnaire, your financial statement, and any

written statement you may have we will make part of the record in its entirety and you may proceed as you wish.

[The information referred to follows:]

**SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE**

**QUESTIONNAIRE FOR COMPLETION BY
PRESIDENTIAL NOMINEES**

PART A - BIOGRAPHICAL INFORMATION

1. NAME: Joan Avalyn Dempsey
2. DATE AND PLACE OF BIRTH: 14 September 1955, San Diego, California
3. MARITAL STATUS: Married
4. SPOUSE'S NAME: John Mans Dempsey, II
5. SPOUSE'S MAIDEN NAME IF APPLICABLE: Not Applicable
6. NAMES AND AGES OF CHILDREN:

<u>NAME</u>	<u>AGE</u>
Joshua Dempsey	20
Joanna Dempsey	19

7. EDUCATION SINCE HIGH SCHOOL:

<u>INSTITUTION OF DEGREE</u>	<u>DATES ATTENDED</u>	<u>DEGREE RECEIVED</u>	<u>DATE</u>
University of Arkansas	1981-1983	Masters of Public Administration	1983
Southern Arkansas University	1973-1974, 1979-1981	Bachelor of Arts, Political Science	1981

8. EMPLOYMENT RECORD (LIST ALL POSITIONS HELD SINCE COLLEGE, INCLUDING MILITARY SERVICE. INDICATE NAME OF EMPLOYER, POSITION, TITLE OR DESCRIPTION, LOCATION AND DATES OF EMPLOYMENT.)

<u>EMPLOYER LOCATION</u>	<u>DATES</u>	<u>POSITION/TITLE</u>
US Navy	1974-1977	Cryptologic Technician, "R" Branch
Naval Reserve Officer	1984-Present	Intelligence Officer, presently inactive
Naval Intelligence Command Sutland, Maryland	1983-1984	Intelligence Officer (SIGINT requirements officer, Collection Advisory Center officer, SIGINT Requirements Validation and Evaluation Subcommittee ((SIRVES)) member, Measurement and Signature (MASINT) Subcommittee Member)
Defense Intelligence Agency Washington, D.C.	1984-1986	Intelligence Officer, SIRVES and SIGINT Overhead Requirements Subcommittee (SORS) member, collection management officer
	1987-1990	Director of Collection Programs, General Defense Intelligence Program Staff
	1990-1991	Special Assistant to the Deputy Director and Executive Director, DIA
	1991-1991	Deputy Director, General Defense Intelligence Program Staff
	1992-1994	Director of Military Intelligence Staff Director
	1994-1995	Director, National Military Intelligence Production Center
Office of the Secretary of Defense	1995-1997	Deputy Assistant Secretary Of Defense for Intelligence and Security
Central Intelligence Agency	1997-1998	Chief of Staff

9. GOVERNMENT EXPERIENCE (INDICATE EXPERIENCE IN OR ASSOCIATION WITH FEDERAL, STATE OR LOCAL GOVERNMENTS, INCLUDING ADVISORY, CONSULTATIVE, HONORARY OR OTHER PART-TIME SERVICE OR POSITION. DO NOT REPEAT INFORMATION ALREADY PROVIDED IN ANSWER TO QUESTION 8):

None

10. INDICATE ANY SPECIALIZED INTELLIGENCE OR NATIONAL SECURITY EXPERTISE YOU HAVE ACQUIRED HAVING SERVED IN THE POSITIONS DESCRIBED IN QUESTIONS 8 AND/OR 9.

Refer to Question 14 below.

11. HONORS AND AWARDS (PROVIDE INFORMATION ON SCHOLARSHIPS, FELLOWSHIPS, HONORARY DEGREES, MILITARY DECORATIONS, CIVILIAN SERVICE CITATIONS, OR ANY OTHER SPECIAL RECOGNITION FOR OUTSTANDING PERFORMANCE OR ACHIEVEMENT):

Graduate Fellow, University of Arkansas, 1981-1983
 Presidential Management Intern (PMI), 1983-1985
 Junior Officer of the Year, Naval Reserve Intelligence Program, 1985
 Federal Women's Program Council, Award of Distinction, 1994
 DCI Meritorious Medal, 1994
 Presidential Meritorious Civilian Executive, 1994
 DIA Director's Medal, 1995
 American University Roger W. Jones Award for Executive Leadership, 1995
 DoD Meritorious Civilian Award, 1996

12. ORGANIZATIONAL AFFILIATIONS (LIST MEMBERSHIPS IN AND OFFICES HELD WITHIN THE LAST TEN YEARS IN ANY PROFESSIONAL CIVIC, FRATERNAL, BUSINESS, SCHOLARLY, CULTURAL, CHARITABLE OR OTHER SIMILAR ORGANIZATIONS):

ORGANIZATION
DATES

OFFICE HELD

Security Affairs Support Association (SASA)
 1997-Continuing

Board of Directors

American University Roger W. Jones
 Award Steering Committee, 1997-1998

Awards Board Screening Committee

13. PUBLISHED WRITINGS AND SPEECHES (LIST THE TITLES, PUBLISHERS, AND PUBLICATION DATES OF ANY BOOKS, ARTICLES, REPORTS OR OTHER PUBLISHED MATERIALS YOU HAVE AUTHORED. ALSO LIST THE TITLES OF ANY PUBLIC SPEECHES YOU HAVE MADE WITHIN THE LAST 10 YEARS FOR WHICH THERE IS A TEXT OR TRANSCRIPT. TO THE EXTENT POSSIBLE, PLEASE PROVIDE A COPY OF EACH SUCH PUBLICATION, TEXT OR TRANSCRIPT.

None

PART B - QUALIFICATIONS

14. QUALIFICATIONS (DESCRIBE WHY YOU BELIEVE YOU ARE QUALIFIED TO SERVE IN THE POSITION FOR WHICH YOU HAVE BEEN NOMINATED):

I have invested 17 years in preparing for this position. I learned the intelligence business from the ground up, beginning with my active duty time as a US Navy Morse code intercept operator and watch section supervisor in the Far East, through a range of civilian positions that provided me:

- a broad collection management background in all of the technical collection fields;
- human source intelligence (HUMINT) and airborne reconnaissance program development and evaluation experience;
- the opportunity to manage a 10,000 person, \$1 billion dollar analysis and production program as director of the leading all-source intelligence analysis and production center in DoD;
- senior leadership positions in intelligence planning and budgeting.

Equally significant to my years as an intelligence practitioner, I also have formulated intelligence and defense policy. In my previous position as Deputy Assistant Secretary of Defense for Intelligence and Security, I was responsible for establishing Defense Department policies for all DoD intelligence, counter-intelligence, information operations, and security activities. As an intelligence consumer during my tenure in the Office of the Secretary of Defense I also gained an invaluable edge in understanding how intelligence can be more valuable to policy formulation. During that assignment I also worked daily with the DoD General Counsel. I became steeped in the extensive legal underpinning for intelligence activities and, particularly, in the legal basis for distinctions between intelligence activities and military operations. I also began development of the legal basis for information operations.

My understanding of intelligence planning and programming is extensive. I have built programs, evaluated programs, implemented programs, and terminated programs. I reconstituted defense intelligence programming within the National Foreign Intelligence Program (NFIP) and established a landmark defense intelligence planning effort in the Director of Military Intelligence Staff. We subsequently developed a methodology for program development and evaluation linked to intelligence requirements vice resource shares that served as the model for the creation of the Intelligence Program Review Group and Expanded Defense Resource Board.

Finally, in my most recent position, I have gained first-hand appreciation for the role of the Intelligence Community and CIA, in particular, in support of U.S. foreign policy. I've learned a great deal, as well, about the unique capabilities CIA provides and the unique challenges CIA faces. I've also been reminded of how complex this business is and how, even after 17 years, I still have a great deal to learn about what works well and what we need to improve as we attempt to meet efficiently the competing demands of our broad consumer community.

PART - POLITICAL AND FOREIGN AFFILIATIONS

15. POLITICAL ACTIVITIES (LIST ANY MEMBERSHIPS OR OFFICES HELD IN OR FINANCIAL CONTRIBUTIONS OR SERVICES RENDERED TO, ANY POLITICAL PARTY, ELECTION COMMITTEE, POLITICAL ACTION COMMITTEE, OR INDIVIDUAL CANDIDATE DURING THE LAST TEN YEARS):

None

16. CANDIDACY FOR PUBLIC OFFICE (FURNISH DETAILS OF ANY CANDIDACY FOR ELECTIVE PUBLIC OFFICE):

None

17. FOREIGN AFFILIATIONS

NOTE: QUESTIONS 17 A AND B ARE NOT LIMITED TO RELATIONSHIPS REQUIRING REGISTRATION UNDER THE FOREIGN AGENTS REGISTRATION ACT. QUESTIONS 17 A, B, AND C DO NOT CALL FOR A POSITIVE RESPONSE IF THE REPRESENTATION OR TRANSACTION WAS AUTHORIZED BY THE UNITED STATES GOVERNMENT IN CONNECTION WITH YOUR OR YOUR SPOUSE'S EMPLOYMENT IN GOVERNMENT SERVICE.

A. HAVE YOU OR YOUR SPOUSE EVER REPRESENTED IN ANY CAPACITY (E.G., EMPLOYEE, ATTORNEY, OR POLITICAL/BUSINESS CONSULTANT), WITH OR WITHOUT COMPENSATION, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FULLY DESCRIBE SUCH RELATIONSHIP.

No/none

B. HAVE ANY OF YOUR OR YOUR SPOUSE'S ASSOCIATES REPRESENTED, IN ANY CAPACITY, WITH OR WITHOUT COMPENSATION, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FULLY DESCRIBE SUCH RELATIONSHIP.

No

C. DURING THE PAST TEN YEARS, HAVE YOU OR YOUR SPOUSE RECEIVED ANY COMPENSATION FROM, OR BEEN INVOLVED IN ANY FINANCIAL OR BUSINESS TRANSACTIONS WITH, A FOREIGN GOVERNMENT OR ANY ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE PROVIDE DETAILS.

No

D. HAVE YOU OR YOUR SPOUSE EVER REGISTERED UNDER THE FOREIGN INTERESTS REGISTRATION ACT? IF SO, PLEASE PROVIDE DETAILS

No

18. DESCRIBE ANY LOBBYING ACTIVITY DURING THE PAST TEN YEARS, OTHER THAN IN AN OFFICIAL U.S. GOVERNMENT CAPACITY, IN WHICH YOU OR YOUR SPOUSE HAVE ENGAGED FOR THE PURPOSE OF DIRECTLY OR INDIRECTLY INFLUENCING THE PASSAGE, DEFEAT OR MODIFICATION OF FEDERAL LEGISLATION OR FOR THE PURPOSE OF AFFECTING THE ADMINISTRATION AND EXECUTION OF FEDERAL LAW OR PUBLIC POLICY.

None

PART D - FINANCIAL DISCLOSURE AND CONFLICT OF INTEREST

19. DESCRIBE ANY EMPLOYMENT, BUSINESS RELATIONSHIP, FINANCIAL TRANSACTION, INVESTMENT ASSOCIATION OR ACTIVITY (INCLUDING, BUT NOT LIMITED TO DEALINGS WITH THE FEDERAL GOVERNMENT ON YOUR OWN BEHALF OR ON BEHALF OF A CLIENT), WHICH COULD CREATE, OR APPEAR TO CREATE, A CONFLICT OF INTEREST IN THE POSITION TO WHICH YOU HAVE BEEN NOMINATED.

None

20. DO YOU INTEND TO SEVER ALL BUSINESS CONNECTIONS WITH YOUR PRESENT EMPLOYERS, FIRMS, BUSINESS ASSOCIATES AND/OR PARTNERSHIPS OR OTHER ORGANIZATIONS IN THE EVENT THAT YOU ARE CONFIRMED BY THE SENATE? IF NOT, PLEASE EXPLAIN.

Not applicable

21. DESCRIBE THE FINANCIAL ARRANGEMENTS YOU HAVE MADE OR PLAN TO MAKE IF YOU ARE CONFIRMED, IN CONNECTION WITH SEVERANCE FROM YOUR CURRENT POSITION PLEASE INCLUDE SEVERANCE PAY, PENSION RIGHTS, STOCK OPTIONS, DEFERRED INCOME ARRANGEMENTS AND ANY AND ALL COMPENSATION THAT WILL OR MIGHT BE RECEIVED IN THE FUTURE AS A RESULT OF YOUR CURRENT BUSINESS OR PROFESSIONAL RELATIONSHIPS.

Not applicable

22. DO YOU HAVE ANY PLANS, COMMITMENTS OR AGREEMENTS TO PURSUE OUTSIDE EMPLOYMENT, WITH OR WITHOUT COMPENSATION, DURING YOUR SERVICE WITH THE GOVERNMENT? IF SO, PLEASE FURNISH DETAILS.

No

23. AS FAR AS CAN BE FORESEEN, STATE YOUR PLANS AFTER COMPLETING GOVERNMENT SERVICE. PLEASE SPECIFICALLY DESCRIBE ANY AGREEMENTS OR UNDERSTANDINGS, WRITTEN OR UNWRITTEN, CONCERNING EMPLOYMENT AFTER LEAVING GOVERNMENT SERVICE. IN PARTICULAR, DESCRIBE ANY AGREEMENTS, UNDERSTANDINGS OR OPTIONS TO RETURN TO YOUR CURRENT POSITION.

It is my intent to return to career federal service upon conclusion of my service as the Deputy Director of Central Intelligence for Community Management.

24. IF YOU ARE PRESENTLY IN GOVERNMENT SERVICE, DURING THE PAST FIVE YEARS OF SUCH SERVICE, HAVE YOU RECEIVED FROM A PERSON OUTSIDE OF GOVERNMENT AN OFFER OR EXPRESSION OF INTEREST TO EMPLOY YOUR SERVICES AFTER YOU LEAVE GOVERNMENT SERVICE? IF YES, PLEASE PROVIDE DETAILS.

No

25. IS YOUR SPOUSE EMPLOYED? IF YES AND THE NATURE OF THIS EMPLOYMENT IS RELATED IN ANY WAY TO THE POSITION FOR WHICH YOU ARE SEEKING CONFIRMATION, PLEASE INDICATE YOUR SPOUSE'S EMPLOYER, THE POSITION AND THE LENGTH OF TIME THE POSITION HAS BEEN HELD. IF YOUR SPOUSE'S EMPLOYMENT IS NOT RELATED TO THE POSITION TO WHICH YOU HAVE BEEN NOMINATED, PLEASE SO STATE.

My spouse has been an employee of the Central Intelligence Agency since October 1996. His employment is not related to the position to which I have been nominated.

26. LIST BELOW ALL CORPORATIONS, PARTNERSHIPS, FOUNDATIONS, TRUSTS, OR OTHER ENTITIES TOWARD WHICH YOU OR YOUR SPOUSE HAVE FIDUCIARY OBLIGATIONS OR IN WHICH YOU OR YOUR SPOUSE HAVE HELD DIRECTORSHIPS OR OTHER POSITIONS OF TRUST DURING THE PAST FIVE YEARS.

<u>NAME OF ENTITY</u>	<u>POSITION</u>	<u>DATES HELD</u>	<u>SELF OR SPOUSE</u>
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None

27. LIST ALL GIFTS EXCEEDING \$100 IN VALUE RECEIVED DURING THE PAST FIVE YEARS BY YOU, YOUR SPOUSE, OR YOUR DEPENDENTS. (NOTE: GIFTS RECEIVED FROM RELATIVES AND GIFTS GIVEN TO YOUR SPOUSE OR DEPENDENT NEED NOT BE INCLUDED UNLESS THE GIFT WAS GIVEN WITH YOUR KNOWLEDGE AND ACQUESCENCE AND YOU HAD REASON TO BELIEVE THE GIFT WAS GIVEN BECAUSE OF YOUR OFFICIAL POSITION.)

None

28. LIST ALL SECURITIES, REAL PROPERTY, PARTNERSHIP INTERESTS, OR OTHER INVESTMENTS OR RECEIVABLES WITH A CURRENT MARKET VALUE (OR, IF MARKET VALUE IS NOT ASCERTAINABLE, ESTIMATED CURRENT FAIR VALUE) IN EXCESS OF \$1,000. (NOTE: THE INFORMATION PROVIDED IN RESPONSE TO SCHEDULE A OF THE DISCLOSURE FORMS OF THE OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CURRENT VALUATIONS ARE USED.)

<u>DESCRIPTION OF PROPERTY</u>	<u>VALUE</u>	<u>METHOD OF VALUATION</u>
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See Schedule A of my most recent financial disclosure statement (attached at Tab A).

29. LIST ALL LOANS OR OTHER INDEBTEDNESS (INCLUDING ANY CONTINGENT LIABILITIES) IN EXCESS OF \$10,000. (NOTE: THE INFORMATION PROVIDED IN RESPONSE TO SCHEDULE C OF THE DISCLOSURE FORM OF THE OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CONTINGENT LIABILITIES ARE ALSO INCLUDED.)

<u>NATURE OF OBLIGATION</u>	<u>NAME OF OBLIGEE</u>	<u>AMOUNT</u>
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See Schedule C of my most recent financial disclosure statement (attached at Tab A).

30. ARE YOU OR YOUR SPOUSE NOW IN DEFAULT ON ANY LOAN, DEBT OR OTHER FINANCIAL OBLIGATION? HAVE YOU OR YOUR SPOUSE BEEN IN DEFAULT ON ANY LOAN, DEBT OR OTHER FINANCIAL OBLIGATION IN THE PAST TEN YEARS? HAVE YOU OR YOUR SPOUSE EVEN BEEN REFUSED CREDIT OR HAD A LOAN APPLICATION DENIED? IF THE ANSWER TO EITHER QUESTION IS YES, PLEASE PROVIDE DETAILS.

No

31. LIST SOURCES AND AMOUNTS OF ALL INCOME RECEIVED DURING THE LAST FIVE YEARS, INCLUDING ALL SALARIES, FEES, DIVIDENDS, INTEREST, GIFTS, RENTS, ROYALTIES, PATENTS, HONORARIA, AND OTHER ITEMS EXCEEDING \$200. (COPIES OF U.S. INCOME TAX RETURNS FOR THESE YEARS MAY BE SUBSTITUTED HERE, BUT THEIR SUBMISSION IS NOT REQUIRED.)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
SALARY	\$163,984	\$158,994	\$173,320	\$189,009	\$227,224
FEE ROYALTIES	0	0	0	0	0
DIVIDENDS	0	0	0	0	\$864
INTEREST	0	0	0	\$920	\$372
GIFTS	0	0	0	0	0
RENTS	0	0	0	0	0
OTHER-EXCEEDING \$500	0	0	0	0	0
TOTAL	\$163,984	\$158,994	\$173,320	\$189,929	\$228,460

32. IF ASKED, WILL YOU PROVIDE THE COMMITTEE WITH COPIES OF YOUR AND YOUR SPOUSE'S FEDERAL INCOME TAX RETURNS FOR THE PAST THREE YEARS?

Yes

33. LIST ALL JURISDICTIONS IN WHICH YOU AND YOUR SPOUSE FILE ANNUAL INCOME TAX RETURNS.

Virginia

34. HAVE YOUR FEDERAL OR STATE TAX RETURNS BEEN THE SUBJECT OF AN AUDIT, INVESTIGATION OR INQUIRY AT ANY TIME? IF SO, PLEASE PROVIDE DETAILS, INCLUDING THE RESULT OF ANY SUCH PROCEEDING.

No.

35. IF YOU ARE AN ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL, PLEASE LIST ALL CLIENTS AND CUSTOMERS WHOM YOU BILLED MORE THAN \$200 WORTH OF SERVICES DURING THE PAST FIVE YEARS. ALSO, LIST ALL JURISDICTIONS IN WHICH YOU ARE LICENSED TO PRACTICE.

Not Applicable

36. DO YOU INTEND TO PLACE YOUR FINANCIAL HOLDINGS AND THOSE OF YOUR SPOUSE AND DEPENDENT MEMBERS OF YOUR IMMEDIATE HOUSEHOLD IN A BLIND TRUST? IF YES, PLEASE FURNISH DETAILS. IF NO, DESCRIBE OTHER ARRANGEMENTS FOR AVOIDING ANY POTENTIAL CONFLICTS OF INTEREST.

When none of my financial holding listed on Schedule A of my financial disclosure statement poses a conflict of interest under applicable Office of Government Ethics regulations with my responsibilities as Deputy Director of Central Intelligence for Community Management, as a precaution I will establish an appropriate and effective screening mechanism to ensure that I take no acts as the Deputy Director for Community Management that would create a conflict of interest under applicable OGE regulations. If a determination is made by the CIA Designated Agency Ethics Officer that my taking action on a particular matter would create a conflict of interest under applicable OGE regulations, I will recuse myself from taking any action with respect to the particular matter, or will divest myself of the interest giving rise to the conflict.

37. IF APPLICABLE, ATTACH THE LAST THREE YEARS OF ANNUAL FINANCIAL DISCLOSURE FORMS YOU HAVE BEEN REQUIRED TO FILE WITH YOUR AGENCY, DEPARTMENT, OR BRANCH OF GOVERNMENT.

See attached

PART E - ETHICAL MATTERS

38. HAVE YOU EVER BEEN THE SUBJECT OF A DISCIPLINARY PROCEEDING OR CITED FOR A BREACH OF ETHICS OR UNPROFESSIONAL CONDUCT BY, OR BEEN THE SUBJECT OF A COMPLAINT TO, ANY COURT, ADMINISTRATIVE AGENCY, PROFESSIONAL ASSOCIATION, DISCIPLINARY COMMITTEE OR OTHER PROFESSIONAL GROUP? IF SO, PROVIDE DETAILS.

No

39. HAVE YOU EVER BEEN INVESTIGATED, HELD, ARRESTED, OR CHARGED BY ANY FEDERAL, STATE, OR OTHER LAW ENFORCEMENT AUTHORITY FOR VIOLATION OF ANY FEDERAL, STATE, COUNTY, OR MUNICIPAL LAW, REGULATION, OR ORDINANCE, OTHER THAN A MINOR TRAFFIC OFFENSE, OR NAMED EITHER AS A DEFENDANT OR OTHERWISE IN ANY INDICTMENT OR INFORMATION RELATING TO SUCH VIOLATION? IF SO, PROVIDE DETAILS.

No

40. HAVE YOU EVER BEEN CONVICTED OF OR ENTERED A PLEA OF GUILTY OR Nolo Contendere TO ANY CRIMINAL VIOLATION OTHER THAN A MINOR TRAFFIC OFFENSE? IF SO, PROVIDE DETAILS.

No

41. ARE YOU PRESENTLY OR HAVE YOU EVER BEEN A PARTY IN INTEREST IN ANY ADMINISTRATIVE AGENCY PROCEEDING OR CIVIL LITIGATION? IF SO, PROVIDE DETAILS.

No

42. HAVE YOU BEEN INTERVIEWED OR ASKED TO SUPPLY ANY INFORMATION AS A WITNESS OR OTHERWISE IN CONNECTION WITH ANY CONGRESSIONAL INVESTIGATION, FEDERAL OR STATE AGENCY PROCEEDING, GRAND JURY INVESTIGATION, OR CRIMINAL OR CIVIL LITIGATION IN THE PAST TEN YEARS? IF SO, PROVIDE DETAILS.

No

43. HAS ANY BUSINESS OF WHICH YOU ARE OR WERE AN OFFICER, DIRECTOR OR PARTNER BEEN A PARTY TO ANY ADMINISTRATIVE AGENCY PROCEEDING OR CRIMINAL OR CIVIL LITIGATION RELEVANT TO THE POSITION TO WHICH YOU HAVE BEEN NOMINATED? IF SO, PROVIDE DETAILS. (WITH RESPECT TO A BUSINESS OF WHICH YOU ARE OR WERE AN OFFICER, YOU NEED ONLY CONSIDER PROCEEDINGS AND LITIGATION THAT OCCURRED WHILE YOU WERE AN OFFICER OF THAT BUSINESS.)

No

PART F - ADDITIONAL INFORMATION

44. HAVE YOU EVEN BEEN DENIED ANY SECURITY CLEARANCE OR ACCESS TO CLASSIFIED INFORMATION FOR ANY REASON? IF YES, PLEASE EXPLAIN IN DETAIL.

No

45. HAVE YOU BEEN REQUIRED TO TAKE A POLYGRAPH EXAMINATION FOR ANY SECURITY CLEARANCE OR ACCESS TO CLASSIFIED INFORMATION? IF YES, PLEASE EXPLAIN.

Yes, I have been required to take polygraph examinations for the purpose of employment within the Intelligence Community.

46. HAVE YOU EVEN REFUSED TO SUBMIT TO A POLYGRAPH EXAMINATION? IF YES, PLEASE EXPLAIN.

No

PART G - ADDITIONAL INFORMATION

47. DESCRIBE IN YOUR OWN WORDS THE CONCEPT OF CONGRESSIONAL OVERSIGHT OF U.S. INTELLIGENCE ACTIVITIES. IN PARTICULAR, CHARACTERIZE WHAT YOU BELIEVE TO BE THE OBLIGATIONS OF THE DIRECTOR OF CENTRAL INTELLIGENCE, THE DEPUTY

DIRECTOR OF CENTRAL INTELLIGENCE, THE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE FOR COMMUNITY MANAGEMENT, AND THE INTELLIGENCE COMMITTEES OF THE CONGRESS RESPECTIVELY IN THIS PROCESS.

Congressional oversight is generally thought of as a function that is the exclusive purview of the legislative branch. But oversight of intelligence is an essential and vital responsibility of both the legislative and executive branches of government. Without a clear Intelligence Community understanding of, and trust in, the value of Congressional oversight, first, to this democracy and, secondly, to the responsible and appropriate conduct of intelligence activities, the Congress cannot sufficiently perform its oversight charge.

If confirmed in the position of Deputy Director of Central Intelligence for Community Management, I will continue to respect and value the importance of Congressional oversight as I have during my government career. I will work aggressively to provide timely and sufficient information the Congress requires for the conduct of that oversight.

48. EXPLAIN YOUR UNDERSTANDING OF THE RESPONSIBILITIES OF THE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE FOR COMMUNITY MANAGEMENT.

I regard the establishment of this Presidentially-appointed, Senate-confirmed position, statutorily designated as the third ranking job in the Intelligence Community, as a very strong indication of Congressional support for strengthened DCI influence on both the day-to-day activities of intelligence organizations and the Community's future direction. If confirmed, I will use that clear Congressional intent to provide focused Community leadership on behalf of the DCI.

The fact is that the various organizations that make up the Intelligence Community perform their missions extraordinarily well. My challenge is to understand those missions and how the agencies perform them in support of their Cabinet-level departments, and look for ways that the Intelligence Community, working as a whole, can truly be greater than the sum of its parts. In that regard, I am prepared to carry out all of the DCI's Intelligence Community responsibilities subject to his direction.

I will not lack for opportunity. With all the progress we've made collectively in this decade to improve our activities as an integrated Community, we still have major challenges to overcome. We must:

- enhance the DCI's ability to drive intelligence policy. We have made consistent progress in improving programming and budgeting processes and results in this decade, but we have not dealt as successfully with major policy issues, such as, international intelligence sharing, commercial intelligence applications, infrastructure vulnerabilities and opportunities, encryption, and security policy;
- develop an investment methodology that stands the test of time as we retire 20th Century capabilities and prepare for new technological challenges and opportunities;
- develop a Community-wide information technology architecture that allows us to take full advantage of the body of classified and openly available information to make the most efficient use of our analytic expertise;
- establish a viable requirements process that allows us to manage both for today and in the future the competing demands of a hard targets process geared toward accessing our most impenetrable countries and issues with a global coverage requirement that requires us to prepare to support U.S. national security issues wherever required;

- develop better business methods than allow us to continue providing quality intelligence at reduced cost, so that we can reinvest those savings to meet the challenges of the future.

These important challenges exist within each of the intelligence disciplines and across all intelligence agencies and organizations. I am eager for the opportunity to take them on and to further efforts to provide the most responsive, responsible and efficient intelligence possible to the nation.

49. DO YOU BELIEVE THAT A POSITION ENJOYS GREATER STATURE WITHIN THE INTELLIGENCE COMMUNITY WHEN IT REQUIRES SENATE CONFIRMATION? PLEASE EXPLAIN.

I do believe that Presidential appointment and Senate confirmation can increase the stature of Intelligence Community positions, primarily as senior Intelligence Community policy makers interact with their appointed and confirmed counterparts in other Cabinet and Cabinet-level departments. However, as is the case throughout the Executive Branch, I believe confirmation is desirable only for those positions that have broad policy making responsibility. It has been my observation that, within the Intelligence Community itself, professional competence and ethics, and the ability to deliver results lends greatest stature to my position.

We must be judicious in our use of Senate confirmation for Intelligence Community positions. Intelligence professionals are extraordinarily sensitive to even the possibility of intelligence politicization as this Committee has noted. The perception that a proliferation of positions requiring confirmation will lead to greater risks of politicization is strong and that perception alone could be counterproductive to the very reasons for establishing the positions in the first place.

50. EXPLAIN YOUR UNDERSTANDING OF THE RESPONSIBILITIES OF THE ASSISTANT DIRECTOR OF CENTRAL INTELLIGENCE FOR COLLECTION.

The President and the Director of Central Intelligence are on record opposing the three Assistant Directors of Central Intelligence (ADC) positions and the DCI has prepared alternative legislation for the Administration to submit in the FY1999 Intelligence Authorization Bill.

There have been a number of major reviews of the Intelligence Community during the past several years, -- the Aspin-Brown study, the House Permanent Select Committee on Intelligence review of Intelligence in the 21st Century, this Committee's review last year, and others -- all of which laid the groundwork for a variety of new initiatives. Several of these efforts proposed changes to existing organizations or increased DCI "management" responsibility for intelligence organizations that reside in other Cabinet or Cabinet-level departments. None, however, dealt adequately with the issue of DCI management of organizations over which the DCI has no supervisory responsibility, statutory or otherwise.

Where we in the Intelligence Community, with significant Congressional initiative and support, have improved intelligence activities and results, however, is in the management of broad intelligence processes that dealt less with intelligence disciplines (such as collection, production, and infrastructure) and more with drilling deep into the activities and procedures of how we do intelligence. DESERT SHIELD and STORM provided the first significant basis for more integrated Community processes and has served as the template for improved crisis support upon which we continue to build. Coordinated efforts to surge in support of crises during this decade have been nothing less than extraordinary across all disciplines and all organizations. The joint production program between CIA and DIA is another example of an early effort to break down entrenched barriers to cross-agency cooperation. Let me cite a few more recent examples:

- **Hard Targets:** The Community moved swiftly to establish a process to respond to the President's critical priorities for intelligence by focusing on the countries and transnational threats most difficult to penetrate. The Community Management Staff, working with the National Intelligence Council, established Executive Boards on key hard target countries and issues comprised of the top experts from throughout the Community. The Executive Boards identify critical intelligence gaps, develop collection plans, and determine strategies to close the gaps. Through such teamwork, we have gained important insight into the hardest analytic and collection targets we face and we have established an enduring process to address those challenges. But this is not a static process and I am committed to linking hard target shortfalls to programmatic solutions.
- **Crisis Support:** The National Intelligence Collection Board (NICB) is exercising a strong leadership role in developing integrated, cross-intelligence collection plans to deal with emerging threats and crises. Under its aegis, collection managers from all disciplines and many agencies come together to identify the best mix of technical sensors, human assets, and open sources to address political and economic time-sensitive problems. Over the past year, the NICB has played a dynamic and key role in developing collection plans against some of the most pressing threats facing our country. Working with the Chairman of the National Intelligence Council, I will integrate the NIC's similar efforts in the National Intelligence Production Board (NIPB) to, effectively, manage crisis support planning and response across intelligence functions.
- **Principal and Deputy Committees:** To coordinate and implement Intelligence Community policy, the DCI has established Principals and Deputies Committees composed of the leadership of all the major intelligence components. Modeled on the National Security Council's process and managed by the Community Management Staff, these committees are beginning to address the major policy and program issues confronting the Community such as global coverage and hard targets, commercial space imaging, and intelligence sharing with Allies. On behalf of the DCI, I intend to focus these intelligence leadership groups on the major intelligence issues of the day and the future.
- **Programming and Budgeting:** Intelligence programs are reviewed with more rigor and discipline today than at any time in the Community's history. The joint process established by the DCI and Secretary of Defense and implemented in the Intelligence Program Review Group and the Expanded Defense Resources Board, has changed the way the Intelligence Community does business. Annual joint intelligence guidance is issued to all intelligence agencies and components by the DCI and the Deputy Secretary of Defense for both national and tactical programs. The Office of Management and Budget participates in the joint review process which ensures that funds for DCI priority programs are vetted at senior Administration levels and appropriately included in the President's program. During development of the FY1999-2003 program, Intelligence Community and DoD-wide organizations and staffs examined some 84 issues totaling \$7 billion worth of future intelligence activities. The outcome of this process gets better every year and I am committed to using it to further the DCI's influence and direction of all intelligence programs and priorities.

But for all our success and as the Congress certainly understands, we must continue to improve intelligence results. If confirmed, I will assist the DCI and DDCI in further strengthening each of the areas cited above, but I also have additional specific objectives that I will pursue on behalf of the DCI:

- I am strongly committed to establishing a viable, Community-wide requirements and evaluation process, rooted in strategic planning and analysis, that will provide the basis for future, as well as day-to-day, intelligence resource allocation and application decisions. Such a requirements process that looks across the life cycle of all intelligence functions and disciplines, identifies gaps and shortfalls, evaluates performance, and develops remedies could result in the most sweeping change in the conduct of intelligence ever undertaken, and will require broad Community and Congressional support.

- Secondly, we need to establish an over-arching acquisition oversight and independent cost analysis process to help the DCI drive major program investment decisions. The Program Managers are committed to sound financial strategies and programs but the complexities of our current and future investments combined with the challenges of the fiscal environment dictate that the DCI be in a position to challenge, confirm and drive the Community's major acquisition programs.
- We must deal with the opportunities that information technology can provide us as intelligence practitioners and the threats that exist from those who would use it against us. I intend to remain on the forefront of policy and operational development in the information technology arena, and in Information Operations and Critical Infrastructure developments.
- I am committed to continued improvement in Intelligence Community business practices. There are many best practices efforts throughout government that the Community can emulate. I intend to build on the efforts within the Community, and elsewhere in government and industry to provide a uniform basis, where desirable, for common activities.

It takes time and patience to implement and sustain major change. We are making steady progress towards cementing significant cross-discipline and cross-organizational improvements in the intelligence business. The creation of the position of Deputy Director of Central Intelligence for Community Management as the third ranking position within the Intelligence Community, focused exclusively on pushing us forward in a cooperative and cohesive, and, when necessary, directive, fashion can be a tremendous asset to the Director and Deputy Director, and has the potential of realizing the goals I believe the Committee had in mind in the FY1997 Intelligence Authorization Bill.

51. EXPLAIN YOUR UNDERSTANDING OF THE RESPONSIBILITIES OF THE ASSISTANT DIRECTOR OF CENTRAL INTELLIGENCE FOR ANALYSIS AND PRODUCTION.

Refer to 50 above.

52. EXPLAIN YOUR UNDERSTANDING OF THE RESPONSIBILITIES OF THE ASSISTANT DIRECTOR OF CENTRAL INTELLIGENCE FOR ADMINISTRATION.

Refer to 50 above.

53. DISCUSS HOW YOU INTEND TO UTILIZE THE ASSISTANT DIRECTORS TO FULFILL YOUR RESPONSIBILITIES SHOULD YOU BE CONFIRMED BY THE UNITED STATES SENATE.

These positions are not required to fulfill the objectives I have identified above and would force me into an organizational structure and an attendant staff resource commitment that would likely defeat my efforts to deal with issues and challenges across the intelligence collection, production and infrastructure disciplines.

AFFIRMATION

I, José Avalos Duro DO SWEAR THAT THE ANSWERS I HAVE PROVIDED TO THIS QUESTIONNAIRE ARE ACCURATE AND COMPLETE.

4 February 1998
(Date)

José Avalos Duro
(Name)

[Signature]
(Notary)

Reporting Individual's Name Dempsey, Joan A.	SCHEDULE D	Page Number 5
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Part I: Positions Held Outside U.S. Government
 Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature. None

Organization (Name and Address)	Type of Organization	Position Held	From (Mo. Yr.)	To (Mo. Yr.)
<small>Example</small> Nat'l Assn of Book Collectors, NY, NY The Jones & Smith, Huntington, State	<small>Non-profit educational Law firm</small>	<small>President Partner</small>	<small>1982 1985</small>	<small>1988 1990</small>
Security Affairs Support Association Annapolis Junction, Maryland	Non-profit organization with an objective to enhance relationships and understanding of national intelligence endeavors between the public and private sectors.	Member, Board of Directors	1997	Present
<small>Example</small> The Robert W. Jones Award 1000 A Building, Washington, D.C.	<small>Education/Committee</small>	<small>Member</small>	<small>1997</small>	<small>1998</small>

Part II: Compensation In Excess Of \$5,000 Paid by One Source
 Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source. None

Source (Name and Address)	Description of Service
<small>Example</small> The Jones & Smith, Huntington, State Metro University School of The Jones & Smiths, Huntington, State	<small>Legal services Legal services in connection with contract administration</small>

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Form Approved
1 No. 2200-004

31 (Rev. 11-87) 511 (Rev. 11-87) U.S. Office of Government Ethics		<input type="checkbox"/> Incumbent <input checked="" type="checkbox"/> New Entrant, Nominee, or Candidate		Calendar Year Covered by Report _____		Termination Date (If Applicable) (Month, Day, Year) _____		Agency Use Only	
Date of Appointment, Candidacy, Election or Nomination (Month, Day, Year)		Reporting Station (Check Appropriate Box)		Last Name		First Name and Middle Initial		OOE Use Only DEC 12 1997	
Reporting Individual's Name		Title of Position		Department or Agency (If Applicable)		Fee for Late Filing Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a \$200 fee.			
Position for Which Filing		Address (Number, Street, City, State, and ZIP Code)		Telephone No. (Include Area Code)		Reporting Periods Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable. Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable. Nominees, New Entrants and Candidates for President and Vice President Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing. Schedule B--Not applicable. Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing. Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing. Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.			
Location of Present Office (or forwarding address)		Title of Position(s) and Dates Held		Name of Congressional Committee Considering Nomination		Do You Intend to Create a Qualified Diversified Trust?		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Present(s) Held with the Federal Government During the Preceding 12 Months (If Not Same as Above)		Deputy Assistant Secretary of Defense, Dec. 1995 - Jul. 1997		Senate Select Com. on Intelligence		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		Signature of Reporting Individual	
Presidential Nominee Subject to Senate Confirmation		Signature of Other Reviewer		Date (Month, Day, Year)		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)	
Certification I certify that the statements I have made are true and all attached documents are complete and correct to my knowledge.		Signature of Other Reviewer		Date (Month, Day, Year)		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)	
Other Reviewer (if desired by agency)		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)	
Agency Ethics Official's Opinion		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)	
Do the facts of information submitted in this report, taken with due regard for the exemptions under the laws and regulations (subject to any continuing in the last column)		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)	
Office of Government Ethics Use Only		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)	
Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)	

(Check box if comments are contained on the reverse side)

Reporting Individual's Name Dempsey, Joan A.	SCHEDULE A	Page Number 2
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Assets and Income <small>BLOCK A</small>	Valuation of Assets at close of reporting period <small>BLOCK B</small>					Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item. <small>BLOCK C</small>													
Identify each asset held by you, your spouse, or dependent children for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period. Identify each asset or source of income held by you, your spouse, or dependent children which generated over \$200 in income during the reporting period. None <input type="checkbox"/>						Type					Amount					Actual Amount Only if "Other" specified Date (Mo., Day, Yr.) Only if Honorary			
						None	Rents and Royalties	Dividend Income	Capital Gain	Employed Investment Income	Unemployment	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$5,000	\$5,001 - \$25,000		\$25,001 - \$100,000	Over \$100,000	Actual Amount
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Reporting Individual's Name Dempsey, Joan A.		SCHEDULE A continued										Page Number 3				
Block A		Block B					Block C									
Assets and Income		Valuation of Assets					Income: Type			Amount				Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honorary	
Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period. Identify each asset or source of income which generated over \$200 in income during the reporting period.		\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$500,000	Over \$1,000,000	Rent and Royalties	Dividends	Capital Gains	Excused Trust	Other (Specify Type)	\$201 - \$1,000	\$1,001 - \$5,000			\$5,001 - \$25,000
1	United States Government Salary										Spouse Salary					
	Equity Mutual Fund															
2	a) Fidelity Equity Income II	X										X				
3	b) Contrafund	X										X				
4	c) Blue Chip Growth Fund	X										X				
5																
6																
7																
8																
9																

Do not complete Schedule B if you are a member, agent, grant, nominee, Vice Presidential or Presidential Candidate

Reporting Individual's Name Dempsey, Joan A.	SCHEDULE B	Page Number 6
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Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded \$1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely by your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None

Line	Description of Assets	Transaction Type (a)			Date (Mo., Day, Yr.)	Amount of Transaction (a)								Certificate of Divestiture	
		Purchase	Sale	Exchange		\$1,000 - \$1,999.99	\$2,000 - \$4,999.99	\$5,000 - \$9,999.99	\$10,000 - \$24,999.99	\$25,000 - \$49,999.99	\$50,000 - \$99,999.99	\$100,000 or more			
1	Example: Central Airline Common				3/1/81										
2															
3															
4															
5															

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling \$250 or more; and (2) travel-related cash reimbursements received from one source totaling \$250 or more. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include

travel itinerary, dates, and the nature of expenses provided. Exclude anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth \$100 or less. See instructions for other exclusions.

None

Line	Source (Name and Address)	Brief Description	Value
1	Example: Mar's Assn. of Book Collectors, NY, NY Frank Jones, San Francisco, CA	Airline ticket, hotel room & meals incident to national conference 6/15/80 (personal activity unrelated to duty)	\$600
2		Leather suitcase (personal item)	\$250
3			
4			
5			

1981 Edition Can Be Used, Editions Prior to 1981 Cannot Be Used

Reporting Individual's Name Dempsey, Joan A.	SCHEDULE C	Page Number 5
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Part I: Liabilities

Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None

Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (%)												
					0-10%	10-20%	20-30%	30-40%	40-50%	50-60%	60-70%	70-80%	80-90%	90-100%	Over 100%		
<i>Example:</i> First District Bank, Washington, DC John Jones, 123 7 St., Washington, DC	Mortgage on rental property, Dubuque Promissory note	1981 1988	12% 10%	24 yrs. as demand													
1 Navy Federal Credit Union P.O. Box 3100, Merrifield, VA 22119	Home Improvement Loan	1996	11.9	15yrs	X												
2 Navy Federal Credit Union P.O. Box 3100, Merrifield, VA 22119	Consumer Loan	1997	12.9	2yrs		X											
3																	
4																	
5																	

Part II: Agreements or Arrangements

Report your agreements or arrangements for:
 (1) continuing participation in an employee benefit plan (a.g. pension, 401K, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leave of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None

State and Terms of any Agreement or Arrangement	Parties	Date
<i>Example:</i> Partner in partnership agreement, will receive lump sum payment of capital amount & partnership share calculated on service performed through 11/81.	Doc Jones & Smith, Homotera, State	1981
1		
2		
3		
4		
5		

1981 Ed. in Use; Revisions Prior to 1981 Cancel In Use

Reporting Individual's Name Dempsey, Joan A.	SCHEDULE D	Page Number 6
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Part I: Positions Held Outside U.S. Government
 Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature. None

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples:	Nat'l Assn. of Bank Customers, NY, NY Des James & Smith, Hometown, State	Non-profit education Law firm	President Partner	682 582	Present 1181
1					
2					
3					
4					
5					
6					

Part II: Compensation In Excess Of \$5,000 Paid by One Source
 Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source. Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate. None

	Source (Name and Address)	Brief Description of Duties
Examples:	Des James & Smith, Hometown, State Maine University (client of Des James & Smith), Hometown, State	Legal services Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

1978 Edition - Can Be Used; Editions Prior to 1978 Cannot Be Used

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Executive Branch PUBLIC FINANCIAL DISCLOSURE REPORT

Form 278
Rev. 12-22-83

Reporting Status <input type="checkbox"/> Check Appropriate <input checked="" type="checkbox"/> Incumbent	Calendar Year Covered by Report 1996	<input type="checkbox"/> New Entrant, Nominee, or Candidate	Name of Appointment, Contending, Election, or Nomination (Month, Day, Year)	<input type="checkbox"/> Termination Filer	Termination Date (If Applicable) (Month, Day, Year)	Agency Use Only
Reporting Individual's Name Last Name: DEMPSKY First Name and Middle Initial: JOAN A.		OGC Use Only				
Position for Which Filing Title of Position: Deputy Assistant Secretary for Intell. Plans and Security Department or Agency (If Applicable): DoD		Fee for Late Filing Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a \$300 fee.				
Location of Present Office (or forwarding address) Address (Street, Room, City, State, and ZIP Code): The Pentagon, Room 3E17D, Wash, DC 20301-6000 Telephone No. (Include Area Code): (703) 697-9897		Reporting Periods Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.				
Incumbent(s) Held with the Federal Government During the Preceding 12 Months (If Not Name or Alias) Same As Above		Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.				
President Nominees Subject to Senate Confirmation		Name of Congressional Committee Considering Nomination		Do You Intend to Create a Qualified Domestic Trust? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Confirmation Date (Month, Day, Year) when the nominee first became an officer or employee of the United States Government or when the nominee first became an officer or employee of an agency of the United States Government		Signature of Reporting Individual Joan A. Dempsey		Date (Month, Day, Year) 3/31/97		
Other Review (If Insured by Agency)		Signature of Other Reviewer Emmet Paige		Date (Month, Day, Year) 03/31/97		
Agency Ethics Officer's Opinion The information contained in this report does not conflict or contravene applicable laws and regulations.		Signature of Designated Agency Ethics Officer (If Applicable)		Date (Month, Day, Year)		
Office of Government Ethics Use Only		Signature		Date (Month, Day, Year)		
Comments of the Reporting Official (If additional space is required, use the reverse side of this sheet)						

Check box if this matter was addressed on the reverse side

0006/008

Reporting Individual's Name Dumphy, Joan A.	SCHEDULE D	Page Number 5
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Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo. Yr.)	To (Mo. Yr.)
Example:	North Am. of Bank Customers, 172, St. Dr. James & Smith, Manassas, VA	Non profit education Ltr. Assn.	President Partner	08 88	Present 1988
1					
2					
3					
4					
5					
6					

Part II: Compensation In Excess Of \$5,000 Paid by One Source

Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during the reporting period. This includes the names of clients and customers of any corporation,

firm, partnership, or other business enterprise, or any non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source.

Incurment/
Termination Date/
Consideration:
Not Applicable

None

	Source (Name and Address)	Brief Description of Dates
Example:	Dr. James & Smith, Manassas, VA Mayo University (affiliat of Dr. James & Smith), Manassas, VA	Legal services Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

Form 278e (Schedule D) (Form 10-1-79)

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United States
Office of Government Ethics
 1201 New York Avenue, NW., Suite 500
 Washington, DC 20005-3917

December 18, 1997

The Honorable Richard C. Shelby
 Chairman
 Select Committee on Intelligence
 United States Senate
 Washington, DC 20510-6475

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Joan A. Dempsey, who has been nominated by President Clinton for the position of Deputy Director of Central Intelligence for Community Management.

We have reviewed the report and have also obtained advice from the Central Intelligence Agency concerning any possible conflict in light of its functions and the nominee's proposed duties.

Based thereon, we believe that Ms. Dempsey is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Stephen D. Potts
 Stephen D. Potts
 Director

Enclosure

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

Office of General Counsel

February 4, 1998

The Honorable Stephen D. Potts
Director
Office of Government Ethics
1201 New York Avenue, N.W.
Suite 500
Washington, D.C. 20005-3919

Dear Director Potts:

As you know, Ms. Joan Dempsey submitted a Public Financial Disclosure Form SF-278 as part of her nomination for the position of Deputy Director of Central Intelligence for Community Management (DDCI/CM). Since Ms. Joan Dempsey submitted her financial disclosure form for review, she has accepted two positions outside the U.S. Government requiring an amendment to Schedule D of her disclosure form. I have enclosed this amended Schedule to this letter. Based on my review of Ms. Dempsey's revised report, it is my opinion that there is no unresolved conflict of interest under the applicable laws and regulations.

For several years Ms. Dempsey has been an invitee to the Security Affairs Support Association (SASA), a non-profit organization that seeks to enhance the relationships and understanding among those in government, industry and academe who are involved in national intelligence. She recently became a member of SASA's Board of Directors. I note that the heads of the Defense Intelligence Agency and the National Security Agency also serve as members of SASA's Board. Ms. Dempsey also agreed to serve on American University's Roger W. Jones Award Steering Committee. Ms. Dempsey is a former recipient of the Jones Award and has agreed to serve as part of the committee that will determine who is selected for the Jones award in the future.

To determine whether Ms. Dempsey's memberships pose a conflict of interest with her duties as DDCI/CM, I directed a search be undertaken of relevant CIA data bases. This search revealed one outstanding contract with American University for training services. I have determined that this contract for training with the CIA does not pose a

The Honorable Stephen D. Potts

conflict with Ms. Dempsey's membership on American University's Roger W. Jones Award Steering Committee. Neither of these positions present a conflict of interest for Ms. Dempsey as DDCI/CM.

Please contact me at (703) 482-1954 if you need additional information concerning either the enclosed report or my opinion based on my review of that report.

Sincerely,



John A. Rizzo
Senior Deputy General Counsel
Designated Agency Ethics Official

Enclosure:
As stated



United States
Office of Government Ethics
 1201 New York Avenue, NW., Suite 500
 Washington, DC 20005-3917

February 9, 1998

The Honorable Richard C. Shelby
 Chairman
 Select Committee on Intelligence
 United States Senate
 Washington, DC 202510-6475

Dear Mr. Chairman:

On December 18, 1997, we transmitted to the Committee the financial disclosure report filed by Joan A. Dempsey, who has been nominated by President Clinton for the position of Deputy Director of Central Intelligence for Community Management, and our opinion with respect thereto. The enclosed material amends Schedule D of Ms. Dempsey's report.

We have reviewed the amended report and have also obtained advice from the Central Intelligence Agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated February 4, 1998, from the ethics official at the Central Intelligence Agency, which discusses the amended material.

Based thereon, we continue to believe that Ms. Dempsey is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Stephen D. Potts
 Stephen D. Potts
 Director

Enclosures

Central Intelligence Agency



Washington, D.C. 20505

19 May 1998.

The Honorable Richard Shelby
Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

As required by Federal ethics regulations at 5 C.F.R. § 2634.606, I am submitting the following supplemental information in connection with my nomination to serve as Director of Central Intelligence for Community Management.

As you know, section 2634.606(a) requires me to update my financial disclosure statement to list any outside earned income or honoraria that I or my spouse have received since I filed that statement on September 5, 1997. I have received no outside earned income or honoraria since that date; nor has my husband received any honoraria or earned income except his salary since that date. Accordingly, there are no amendments to my report of the type specified by section 2634.606(a).

Please do not hesitate to contact me if you need any additional information.

I have sent an original of this letter to Vice Chairman Kerrey as well.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joan A. Dempsey".

Joan A. Dempsey
Director of Central Intelligence
for Community Management Designee

cc: John A. Rizzo, Esq.
Central Intelligence Agency

The Honorable Stephen D. Potts
Office of Government Ethics

STATEMENT OF JOAN A. DEMPSEY, DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE FOR INTELLIGENCE COMMUNITY MANAGEMENT-DESIGNATE

Ms. DEMPSEY. Thank you, Mr. Chairman. I appreciate the opportunity to appear before the Committee today. I am honored to have been nominated to this new position of Deputy Director of Central Intelligence for Community Management. If I may, Mr. Chairman, I'd like to take just a few minutes this morning to tell you why I believe this position is important at this time in the intelligence community's history.

Throughout this decade, the intelligence community has strived to function better as a community, both in fact as well as in name. There are many reasons for this, and they are not complicated. They include a recognition by the community itself that they could work together to improve its performance, lessons learned from the Persian Gulf war, sustained budget reductions and, of course Congressional guidance to this end to function better as a community has certainly been a catalyst.

The intelligence community worked hard to accommodate this drive to change while at the same time struggling to meet today's all-consuming intelligence demands—from India to Indonesia, from Asian economic crises to Africa's humanitarian disasters, from weapons of mass destruction and proliferation to global terrorists, drug lords and criminals which threaten the security of nations and regions.

There simply is no precedent in the modern intelligence experience for the breadth of challenges that confront us and the expectations of our national civilian and military leadership. Further, the community has simultaneously absorbed reductions and reallocated as much of its top line as possible to meet these broad expectations. The community has worked hard to identify priorities for intelligence coverage and has made difficult choices and tradeoffs. That said, when a crisis is brewing, they still are expected to know everything of significance, every time it occurs, everywhere in the world.

It appears, Mr. Chairman, that the intelligence community is expected to provide the same kind of coverage it provided on the Soviet Union for any number of complex and hard targets, but without sustaining the investments or the capabilities we had during the last decade. That's simply not possible.

I don't mean to imply here that we spend too little of the nation's wealth on intelligence. In fiscal year 1998, intelligence resources in all accounts comprised about one and a half percent of total government spending. That is a significant intelligence resource commitment to the nation's defense and U.S. global interests. But you would have to add 19 percent this year alone to bring national intelligence spending back to the fiscal year 1988 level of buying power.

The point here is that we have not seen a corollary decrease in demand or expectations for intelligence. And we cannot cut intelligence that supports ongoing operations or which we use to support crises. What we can and will do is continue to improve management and business practices so that we get the greatest value

from the resources we spend and free up as much of our resources as possible to meet future investment needs. But today's trend to flatline intelligence spending means that the gap between future capabilities and consumer expectations likely will continue to widen.

Nonetheless, the community continues to achieve many, many successes every day as a result of the extraordinary talents and commitment of the men and women of the U.S. intelligence community, who push themselves and the systems we provide them to the outermost range of their capacities. We owe it to them—the "we" being the intelligence community leadership and our oversight committees here in the Congress—to recognize that those capacities are not unlimited and to work to provide them the resources and leadership required to ensure they have the capabilities and mechanisms to meet the intelligence demands of the future. Which brings me to the DDCI for Community Management position.

This position provides the opportunity to take the gains we've made in community management this decade to a new level. I want to stress here that this position is not the solution to all our challenges. Indeed, there are no simple solutions. But this new, elevated community management position provides an emphasis to work issues across the community, across programs, and across intelligence disciplines that had not previously existed at this level. It also allows a full-time focus to accomplish the hardest task that still confronts us—determining our community-wide strategic intent and the investment strategy to acquire the technologies and capabilities to meet intelligence demands of the next decade.

We are fortunate in this regard, Mr. Chairman, to have several notable community management successes upon which to build. The DCI and Deputy Secretary of Defense have improved program and budget development during the past four years through their stewardship of the expanded Defense Resources Board and the Intelligence Program Review Group.

The DCI established a hard targets process that identifies critical intelligence gaps, develops collection plans, and determines strategies to close gaps. But we can and will do more to link hard target shortfalls to programmatic solutions.

The DCI also recently established Principals and Deputies Committees to coordinate and implement intelligence community policy, which already are beginning to address and resolve the major policy and program issues confronting the community. I intend to use these fora, if I am confirmed, to drive to consensus, whenever possible, and to clarify dissension for DCI resolution when consensus proves impossible to attain.

If confirmed I will assist the DCI and DDCI in further strengthening each of the areas I've cited, but I also have additional specific objectives I will pursue on behalf of the DCI. We can and will go further.

First, I am fully committed to using the Assistant DCI positions for Analysis and Production and Collection to exercise strong leadership over the collection and production communities to meet today's and tomorrow's most pressing intelligence needs. I will use these positions to further my goal to improve collection and analysis management across organizations and intelligence disciplines.

Finally, these individuals together will be responsible for developing the DCI's strategic intent for the U.S. intelligence community and for mapping a plan to implement that intent.

Second, I am strongly committed to establishing a community-wide requirements and evaluation process, rooted in strategic planning and analysis, to provide the basis for today's and tomorrow's intelligence resource allocation and application decisions. Such a requirements process that looks across the life cycle of all intelligence functions and disciplines, identifies gaps and shortfalls, evaluates performance and develops remedies will require broad community and congressional support.

Third, the DCI already has committed to establishing an acquisition oversight and independent cost analysis process to help drive major program investment decisions. One of my highest priorities will be to quickly get in place a senior acquisition expert to implement this process so that we can use it to increase our confidence in the strategic system decisions that we will shortly make.

And, fourth, Mr. Chairman, we must deal better with the opportunities, as you noted, that information technology can provide us both as intelligence practitioners and from the standpoint of countering the threats from those who would use that technology against us. I intend to remain on the forefront of policy and operational development in the information technology arena, and in information operations and critical infrastructure developments.

Finally, Mr. Chairman, and in closing, we have the opportunity to make great strides to forge a stronger intelligence community under Director Tenet's leadership. I am proud that he has chosen me as part of his team. He is the right person to take this community into the new century.

I look forward to working with the Committee to make our mutual goal of stronger DCI management of the intelligence community a reality. We cannot succeed in this regard without your continued support. Thank you very much for your consideration of my nomination. I would be happy to answer your questions.

Chairman SHELBY. Senator Kerrey.

Vice Chairman KERREY. First of all, Mr. Chairman, I join you in welcoming Ms. Dempsey to the Committee. I wish we'd the hearing a few months ago. I, unfortunately, was the responsible party in slowing you down. Mr. Tenet and I have completed our discussions involving the importance of obeying United States law concerning the appointment of Assistant Directors of Central Intelligence. I appreciate the nominee is not a political appointee. Many who wrote this law feared that this slot would just be filled by somebody without skills and a political appointee. Mr. Tenet has picked someone who not only has the skills but, according to my assessment, has precisely the right skills for this particular job.

Ms. DEMPSEY. Thank you, Senator.

Vice Chairman KERREY. So, Mr. Chairman, I look forward to an opportunity to ask Ms. Dempsey some questions.

Chairman SHELBY. Go ahead.

Vice Chairman KERREY. First of all, Ms. Dempsey, one of the big confrontations that we constantly have concerns the relationship between the Secretary of Defense and the Director of Central Intelligence. We have been blessed since I've been on the Committee

with SecDefs and DCIs that have good working relationships, and life seems to go on fairly well as a consequence. They have cooperated because they know the significant overlap between what the military needs to know and what other national customers require.

How do you see the different roles? Are you able to describe the different roles of SecDef and DCI, and do you have a sense of how you're going to accommodate those different roles as you manage overall national intelligence?

Ms. DEMPSEY. Yes, Senator, I do. Let me try to walk through an answer to your question. It's somewhat amusing to me—and I've spent most of my career in the Department of Defense, as you know, and when I was in DOD there was always this fear that a very powerful DCI with a full-time emphasis on intelligence and managing the community would fail to support the DOD the way it needed to be supported with intelligence. Since I've come over to the Central Intelligence Agency side of the intelligence community, I've found the same fear, but this time directed at what DOD is going to do to subvert the role of the DCI.

I think in both cases there's an extreme notion here. The Department of Defense relies very heavily on intelligence and commits a huge amount of its resources to intelligence programs and capabilities. At the same time, the Department has never, in my experience, wanted to run U.S. intelligence. It's a function of wanting to make sure that the intelligence that it needs is provided when it needs it.

The DCI, on the other hand, does have the responsibility to run U.S. intelligence, if that's the appropriate term, and I think that there are constant accommodations made by Secretaries of Defense and DCIs to work together to find solutions to problems. I mentioned in my statement the expanded Defense Resources Board and the Intelligence Program Review Group, which were established about four years ago to allow for a mechanism for the entire U.S. intelligence community to come together and develop an intelligence program that served the needs of the national and defense consumers, as well as the law enforcement agencies.

That has worked extraordinarily well, and that has always been the most difficult area for all of us to agree on—that is, how we're going to apportion intelligence dollars among the competing interests that need them.

So I think that the relations have been good. I think part of the concerns have been fears of what could happen rather than what necessarily has happened. And I intend to try to continue to ensure that those relations between the Department of Defense and the DCI remain firm and strong.

Vice Chairman KERREY. What about the prioritization of threats itself? One of the problems that we have is that in an open society where the basic decisionmaking is government of, by, and for the people, we often are chasing this threat one day and another threat another day. One of the concerns that I have is that we don't seem to do as good a job of sustaining a long-term effort against threats that have substantially changed but are still at least relatively easy for me to prioritize.

To be very specific, the recent testing in India that was disclosed publicly and has been discussed at length surfaces again that nu-

clear weapons are a threat. If you take a rational look at the threats that are on anybody's list, including threats of information warfare, nuclear weapons are the only one that can kill every single American. The Russians have over 10,000 warheads. We've got approximately the same number. There are dangers of nuclear proliferation by other nations that are increasing.

But I don't see in the management of our effort that we say to the American people, "We've got to sustain an effort against this threat." I wonder if you could talk a bit about how you intend to manage our total effort so that we can keep our priorities right.

Ms. DEMPSEY. We actually have, at the strategic level, a priority scheme that we carry out under the Presidential Decision Directive 35 that sets the priorities for threats to the U.S. And one of the things you mentioned, the Indian nuclear test, as did the Chairman, as you know the Director has asked Admiral Jeremiah to look at what happened there, and particularly to look at the requirements.

But the reality is we treat strategic nuclear threats—strategic nuclear threats—to the United States as the highest priority. The other areas that share in that priority level are the rogue countries who have avowed an interest in seeing the U.S. government not survive. Now other nuclear threats are right below that strategic nuclear threat priority, but clearly we need to go back and look at whether or not we can make that distinction as clearly as we have made it, because the resources that we apply against those categories are real.

Vice Chairman KERREY. Perhaps one of the problems we have, again sticking with the subject of strategic nuclear weapons, is we have not sufficiently defined success. We've not said, "Here's what we want to do in order to make the United States of America safer. This is what we need to do."

I personally don't feel like we sustain that effort. If you asked me at a town hall meeting in Nebraska, "Am I safer today than I was two years ago," I'm not certain I can answer that question. I don't feel like we're organizing our effort sufficiently to meet that or other threats that are real and present. I continue to worry about getting bounced around from issue to issue.

Next, Ms. Dempsey, one of the things that I'm sure you're aware of as well is that people such as myself and the number one policymaker, the President, are making decisions as a consequence of accessing open source intelligence.

The President may not have time to wait for a briefing from CIA. He may instead get it from Christiane Ammanpour or somebody else who gives him a briefing on CNN or some other open source delivery mechanism, and he will make a decision based upon that information. It is dramatically different than it was even thirty years ago or even twenty years ago. There is an increasing amount of high quality information in open sources.

The bottom line for me is that I'm concerned that our intelligence collection, our analysis, and our dissemination may be becoming less important than it should be because it's not as competitively produced as what's available or as quickly disseminated to the national policymaker as we're seeing from open sources.

Ms. DEMPSEY. You raise a very good point, Senator, and it's something that I was concerned about from the time when I headed the DIA National Military Intelligence Production Center. There's always a struggle with how do we maintain relevance in an era of globally burgeoning information made available from all sources.

I have to say, though, since I've been at the CIA I have been extraordinarily impressed how linked and how well connected the agency is with its policy consumers that it serves downtown. The difference in a media report, as good though it may be, to what we provided is fairly significant, and I think part of the witness of that is the fact that I'm sitting here today and not a reporter waiting to be confirmed.

It's very important that the information that we gain from clandestine and well as open sources is put into an analytic product and provided to our consumer based on all of the information that's available from open as well as intelligence sources. And I actually think we do that very well. We have some serious issues to address. The cost of having the kinds of interactive and networked capabilities to move into an electronic age is pretty expensive. It's very difficult for us to do because we have to also be concerned with sources and methods, but I think there is added value to intelligence.

And what we have to achieve is the relevance and retaining the relevance for our consumers, and we have to do that in an electronic environment.

Chairman SHELBY. Senator Baucus.

Senator BAUCUS. Thank you, Mr. Chairman.

I've got a couple of areas I'd like to pursue. First, I would like to read from the DCI's Revolution Task Force's conclusions. This is a quote from the report. "The community can no longer afford to disperse authority and responsibilities among several semi-autonomous intelligence bureaucracies with their own budgets and resource planning functions. Not only does this squander declining funds; it also prevents a smooth and rapid integration of common assets and capabilities in response to changing customer needs."

The obvious question here is what can you say to reassure us or what can you tell us has to be done so that a couple years from now a similar task force doesn't reach the same conclusion.

Ms. DEMPSEY. Well, Senator, we have made some significant strides in response to both that report as well as the Aspin-Brown Commission that was first I think birthed here in the committee to improve the way we manage particularly program and budget development, which was one of the things highlighted in the section that you've just read.

We've not only strengthened the DCI and Deputy Secretary of Defense's role in that regard, but we brought consumers into that process. We have brought the entire intelligence community structure into the process to make tradeoffs and decisions about how we're going to spend money.

Now that's a tremendous stride for this community over a very short period of time and not something that ten years ago I would have thought could happen. So I think there has been a great deal of progress. We also have to remember that the intelligence organi-

zations serve Cabinet-level departments and are responsible to those Cabinet-level heads, and so there's a constant balance that we have to strike from the DCI's perspective in making sure that intelligence is functioning, the community is functioning the way it should while also meeting those Cabinet-level responsibilities and demands.

I think there are areas, as I mentioned in my testimony, where we can do better. The whole requirements area, which both the Chairman and Senator Kerrey mentioned, are areas that we're going to have to do better in, as well as how we make decisions across intelligence functions and disciplines.

Senator BAUCUS. How do you see your relationship with the Department heads, like NRO, NSA and so forth? Are you going to call them up and say we've got to do this, I want you to do this, I want you to do that, the DCI wants you to do that and so forth? What's your job? How are they going to relate to you and you to them, and what's the expected sort of chain of command or relationship here?

Ms. DEMPSEY. It's a two-way street, Senator. I will call them up and tell them what I expect. I've had experience in doing that before. At the same time, I have to know and understand what their limitations are, what their requirements are, and what they have to be able to do to do their jobs. So it's a matter of balancing and trading off issues.

But we have in place—Director Tenet, shortly after his confirmation, established Principals and Deputies Committees to bring those individuals to the table and deal collectively with issues, and he is not afraid to at times disagree with them and make a decision that they don't particularly like, but we strive for consensus. Those are very new processes. They've only been in place for about six months. I think we'll be able to use that to collectively manage the community, and that's exactly what we ought to do.

Senator BAUCUS. How are you known as? Are you known as tough, are you known as congenial? Are you known as—how are you known? How do you see yourself?

Ms. DEMPSEY. That's a very hard question to answer. I'm not sure we ever see ourselves as we really are.

Senator BAUCUS. Exactly, but you've lived with yourself a long time. You've got some sense of who you are. What do you think?

Ms. DEMPSEY. I think I am regarded as tough, but hopefully fair. I have a tremendous commitment to the intelligence business and to the national security of this country. I've dedicated my life to it since I was 18 years old. And I think I am regarded as someone who can compromise when I need to but be fairly unyielding when I need to. And I have very good relations with the leadership of the community, and I think I work with them very well to achieve what we need to achieve.

Senator BAUCUS. What do you think your best capabilities are, your best assets that you bring to this job?

Ms. DEMPSEY. I guess I can't ask for help from the audience on this one. I think I'd like to believe that my strongest assets are competence, knowing what I'm doing, being able to determine what the right path is when there's a lot of noise in the process, a sense of fairness and a commitment to do what's right.

Senator BAUCUS. Is there anything you have to work on?

Ms. DEMPSEY. Oh, there are many things I need to work on. I'm not sure I want them in the record.

Senator BAUCUS. I'm not sure I want you to give them either.

Ms. DEMPSEY. I can be impatient at times, and I have to constantly remind myself to let people have the opportunity to make their case and to lay out their concerns, even when I'm convinced that I know the right way to go. I've learned at times that maybe there were different opinions, so I have to work on patience quite a bit.

Senator BAUCUS. Basically how are you going to get all these disparate parts better coordinated so that there's a real esprit d'corps? By gosh, we want to really be part of this team, so that somebody in high school or college thinks, boy, that's what I want to do. I want to go with the best and the brightest, a real crack operation. What do you do to make that happen, because that's not the prevailing view today.

Ms. DEMPSEY. It's not always the case. It's very difficult, I think, when people have hard jobs and are trying to achieve things. It's much harder to work collectively as a team than it is to work independently. I think, though, that we have made progress, and I get the sense that there's a willingness on the part of the leadership to work together. I really don't have any concerns about that. The challenge for all of us—and this is for the entire intelligence community leadership—is to bring our people along with that same sort of sense of esprit d'corps and commitment to functioning as a community.

Senator BAUCUS. How are you going to do that? Because you're a manager. That's in large respect your job.

Ms. DEMPSEY. I'm a manager, but I'm a leader as well, and I think one of the responsibilities of a leader is to sort of set the course and be unwavering and expect people to follow, and I've never had a problem with that in my career, and I don't anticipate having a problem.

Senator BAUCUS. If they don't follow, then what?

Ms. DEMPSEY. Well, if they don't follow, then we'll have to reassess what we're doing and determine if we're on the right course.

Senator BAUCUS. Because one of the problems in my limited experience is the pejorative phrase, the old boy network kind of a thing. You know, it's not up and out. It's an off-the-shelf park job somewhere. You get an awful lot of old dead wood and a lot of shelves. What do you do about that?

Ms. DEMPSEY. I think you try to groom people who you know can do the work, can take on the task, and marginalize those people who are, as you describe them, part of the dead wood. Every organization I've ever been in has a healthy mix of both, and it's a challenge of leadership, but it's only a challenge of leadership.

Senator BAUCUS. Well, I see my time has expired and I guess expired some time ago. I appreciate it, and wish you the best of luck.

One final question. How do you want to be remembered when you leave, if there's one thought that you want to leave in people's minds?

Ms. DEMPSEY. I want to be remembered as someone who gave her all and achieved what she achieved based on merit.

Senator BAUCUS. That tempts a follow-up. What do you want to achieve?

Ms. DEMPSEY. I want to make the intelligence community be a better place, a better-functioning group of individuals than what I found, and I want to contribute to the strengthening of national security.

Senator BAUCUS. Thank you.

Ms. DEMPSEY. Yes, sir.

Senator BAUCUS. Good luck.

Ms. DEMPSEY. Thank you.

Chairman SHELBY. Ms. Dempsey, you obviously were not the DDCI for Community Management during the recent events in India. You have been on special assignment to the DCI. So while you may not know the details of intelligence on India, you should be familiar with the process. Should the intelligence community have been able to provide information on the Indian nuclear test prior to the actual detonations? Should they?

Ms. DEMPSEY. That's a very good question, Senator. You are right, I have not reviewed the particulars of this issue, and I am, as I'm sure you are, very anxious to see Admiral Jeremiah's report. Do I wish we had? Absolutely. There's no question.

But I also know that there are competing interests and competing priorities for everything we do in the intelligence community.

Chairman SHELBY. I know.

Ms. DEMPSEY. Everything we do. Some of the things that we do, some of the collection, some of the analysis is fairly straightforward. Some of it is not. And part of what we're dealing with here is a very complicated issue for the intelligence community. It was a very complicated issue ten years ago when we were really primarily concerned with the Soviet Union. It's much more complicated when we're worried about proliferation in disparate parts of the globe, and it stresses our capabilities. There is no question about it.

We make tradeoffs on collection and tasking, and it is unfortunate but that's a fact of life and a fact of resource management.

Chairman SHELBY. Also, sometimes a fact of priorities, is it not?

Ms. DEMPSEY. It is indeed.

Chairman SHELBY. Was this a collection failure, an analysis failure, a management failure, a policy failure, or a bit of everything? Or do you want to hold back on all that?

Ms. DEMPSEY. I would actually, sir, like to see what Admiral Jeremiah comes up with. It would be, I think, difficult for me to assign anything at this moment. I was not involved in the process and have not seen his conclusions.

Chairman SHELBY. In your judgment, do we rely too heavily on certain types of intelligence collection and information, like, for example, technical as opposed to human?

Ms. DEMPSEY. Well, I don't know if—

Chairman SHELBY. Or do you have to have a balance?

Ms. DEMPSEY. We do have to have a balance, and sometimes that balance is difficult to strike because there are some capabilities that are available when others aren't, and while they may not be the ideal solution to a problem, they're there, so we use them. It

unfortunately is not as much of a science as we would like for it to be. It's much more an art. So I can't say that we rely more on one capability than another, because it is dependent on each situation.

Chairman SHELBY. Was there a failure to adequately assess and assign priorities to our collectors?

Ms. DEMPSEY. Well, again I can't say in this specific case whether there was or not.

Chairman SHELBY. Did the community respond the way it should have to the dramatic changes going on in the Indian political landscape following the election of the proliferation-nuclear VJP Party? It's in hindsight, obviously.

Ms. DEMPSEY. I think that's a very good question, though. I think how much did we understand of the new government—and it is a new government. I mean, it's difficult to assess only several months into this government.

Chairman SHELBY. But there were a lot of indicators out there, weren't there?

Ms. DEMPSEY. There were a lot of indicators, but there were a lot of mixed indicators as well.

Chairman SHELBY. But isn't intelligence always mixed?

Ms. DEMPSEY. Absolutely.

Chairman SHELBY. And you've got to ferret it out?

Ms. DEMPSEY. Absolutely. It's rare that we ever get absolute information on anything. In fact, I think for that reason it's pretty surprising that we do as well as we do.

Chairman SHELBY. Did we fail to give adequate credence to what was being said in public by the Indian political leaders. I know sometimes they say one thing, do another, and we all understand that. Or was it because it wasn't what analysts and policymakers wanted to hear? Sometimes we turn a deaf ear to things that we don't want to hear. We're not thinking like they're thinking, but it's very important to put yourselves in their shoes, in a sense, like the Indian Nationalist Party.

Ms. DEMPSEY. Part of any intelligence assessment is looking at culture and history, looking at our relations with the country. India has been our friend. So I think that you have to look holistically. You can't just look at recent pronouncements, at what the government has said.

Chairman SHELBY. But you've got to be able to read the tea leaves too, haven't you?

Ms. DEMPSEY. To some degree, yes, sir.

Chairman SHELBY. We're constantly hearing from the intelligence community officials that they are forced to make difficult tradeoffs in collection—you alluded to this—against the many targets that policymakers ask them to collect against—in other words, priorities. Was our failure to detect Indian nuclear tests a result of inadequate resources or maybe not the right priorities?

Ms. DEMPSEY. Well, again, as I mentioned, the priority scheme, which we clearly have to go back and relook, there weren't too many things above nuclear developments. Only those things that clearly threatened the survival of the U.S. would have taken a higher priority. So we will relook the requirements process. But we

have to make tradeoffs regardless of where Indian nuclear testing falls in the priority scheme.

Chairman SHELBY. But proliferation of weapons of mass destruction should be, has to be the number one priority, hasn't it?

Ms. DEMPSEY. Right. I think the fine line here is the distinction between what the Indians can do today in their own region as opposed to what they could do to threaten the U.S., and that is a distinction.

Chairman SHELBY. Or maybe what you thought they could do.

Ms. DEMPSEY. Yes.

Chairman SHELBY. Is there a resource problem? Do you need more money?

Ms. DEMPSEY. I can't answer that question today, but it is certainly something that I am very interested in, and I'd be happy to come back to you and talk about it later.

Chairman SHELBY. That will be fine.

In announcing his intention to create two new technology development entities, Director Tenet wrote, "It's increasingly clear that today's intelligence community is not adequately positioned to meet the challenges of the information revolution." This evaluation is consistent with the findings of the Committee's Technical Advisory Group, which reviewed the state of human and signals intelligence.

Ms. Dempsey, why isn't the community adequately positioned in this area? Are you in a position to comment on that?

Ms. DEMPSEY. Actually, Senator, this is an area that I have spent some time in in previous positions. Part of the answer to that question is, because this is an evolving area and it is rapidly-growing information technology, and the opportunities and challenges that come from information technology are, I think, unprecedented in anybody's thinking, we have used information technology to our advantage, but there's much more that we need to do.

And we have to take very complex systems and bring them into an information age. We recognize that, and I think we have efforts under way to do that. But it will be a challenge.

Chairman SHELBY. If confirmed, what will you do to ensure the community is properly positioned to meet the future challenges of the information revolution?

Ms. DEMPSEY. I have worked very hard in this area in the past from a policy standpoint, from an operational deconfliction standpoint, even to the degree that we use information technology within the community to do our job better. My commitment in this area is very, very strong, and I intend to stay engaged to bring the community in the information technology arena.

Chairman SHELBY. How will you, as the DDCl/CM, carry out the statutory responsibility to keep the congressional Intelligence Committees fully and currently informed of all intelligence activities, covert action, and other significant anticipated intelligence activities?

Ms. DEMPSEY. Senator, I take that responsibility very seriously. I understand my legal responsibilities. I actually think I go overboard in probably providing you things that you're not as interested in, but I'd rather err on the side of caution, and I will continue that if I'm confirmed in this position.

Chairman SHELBY. How do you interpret the President's statutory responsibility under Section 501 of the National Security Act to inform the Committees of any illegal intelligence activity?

Ms. DEMPSEY. How do I interpret that? It is my responsibility to inform you of any illegal intelligence activities. So that is my responsibility, and I accept it.

Chairman SHELBY. Who decides if an activity is illegal? Is that a judgment you make internally with counsel?

Ms. DEMPSEY. I mean, if it's a violation of U.S. law, it's illegal. So to that degree it's very straightforward. Again, if I have concerns about an activity that may be illegal but I'm not sure, I'll err on the side of caution and inform the Committee.

Chairman SHELBY. How do you interpret the DCI's responsibility under Section 502 of the Act to inform the Committee of any significant intelligence failure?

Ms. DEMPSEY. In addition to the—actually, this one is not quite as clearcut as the illegal acts. I regard the term "significant" again to mean that I need to provide you information on any activity that may have an impact on our consumers or on our ability to do our job. So whether or not it's significant or not, I will inform the Committee.

Chairman SHELBY. Before we adjourn, Senator Kerrey, do you have any other questions?

Vice Chairman KERREY. Yes, I do.

Chairman SHELBY. Okay. Go ahead.

Vice Chairman KERREY. Ms. Dempsey, I was going to ask a series of questions about the DCI's statutory authority to manage the community. Rather than ask you do you think the DCI has a sufficient amount of statutory authority, I'm going to disclose to you I think he does not. I think he has a problem. Not only is it a problem for him to manage, but there is an expectation that he can do things that the law doesn't allow him to do.

You can see a manifestation of this. He will be called up to appear before a Congressional Committee—sometimes for hours—for mistakes made that were not his responsibility and in areas where he doesn't have statutory authority. So what I would ask you is that at some point, let's say a year from now, you'll come back and tell us about his authorities.

Do you think that the DCI has a sufficient amount of statutory authority to do what I think the Congress and the American people expect him to be able to do? I think there are significant management problems, and you can see that in the line of questions the Chairman just asked on India. That was not a DOD task. That's a national intelligence mission. And if the DCI doesn't control the capacity to collect and can't order the collection in a fashion that's consistent with what we expect, then one of the things it seems to me we've got to do is change the law to give him the authority that he needs to be able to manage it. You must have the authority—as hopefully somebody who's going to be confirmed shortly—to do the job as well.

So rather than getting into a discussion of it today, I won't require you to do anything other than promise me that a year from now you will give me your views after you've been on the job as

to whether or not the DCI doesn't need more statutory authority to manage.

Ms. DEMPSEY. I'll be happy to do that, Senator. In fact, this is one of the issues that I've been looking at over the last several months. And I actually believe we haven't done enough to execute the authorities the DCI does have, to implement them. So I am going to take that challenge on as well.

As part of that, I'll be happy to come back and tell you if I believe that there are things that we need, authorities that we need that he doesn't have.

Vice Chairman KERREY. Well, I'll disclose to you that one of the things I'm very uncomfortable with is representations, such as "Secretary Cohen and I get along fine; I don't need any change in the law." We're a nation of laws. I remember when DCI Woolsey said, "Don't worry; John Deutch and I get along just fine." Then John Deutch ends up being DCI and he discovers that the authority that Mr. Woolsey had given to DOD he wished he still had. But the law didn't give it to him.

So because we're a nation of laws it's very important—it seems to me—for us to examine what authorities the law gives to individuals. And again I say to you I think the law currently does not give the DCI the kind of management authority that the American people think the DCI already has. The American people think he has a lot more authority than he actually has. I think it's very important for us to square that reality with the American people's expectation, because I believe his and your job and everybody else's in the intelligence community is to keep the American people safe. So we're not talking about an agency that only has a regulatory mission. This is an agency that has the most important mission that we can have in all of government, which is to try to provide the American people with safety.

I noted and had Chris Straub go out and ask Captain Schaffner in the audience—I noted his presence and asked Chris to ask him if he is in some way associated with you. I am informed that he is going to be in charge of information operations in some fashion.

Ms. DEMPSEY. Yes, sir.

Vice Chairman KERREY. I am pleased to hear that. I think that under the heading of do we have the capacity to detect a threat, I think we have an insufficient capacity to detect threats in information warfare. If I were to ask you is it possible that somebody went into my computer last night and downloaded my hard drive, you would have no way of knowing. My guess is you would have no way of knowing the answer. I mean, we have vulnerabilities right now that are very difficult to detect, as I understand it.

Can you talk to us about your intent to give this particular threat increased attention? That apparently is the case, with Captain Schaffner's presence.

Ms. DEMPSEY. Sir, I have some fairly ambitious plans in this area. I think that we need to look across the board at what we're doing in the information ops arena, from policy to organization to resources to operations to threat, and we've already started that to some degree. But I intend to put it on a fast track. I share your concern that it's an area that we really need to get on top of.

Vice Chairman KERREY. As you get oriented in your new job and so forth, will you in a timely fashion, say two or three months, come back to the Committee and give us an outline of the plan and your sense of what needs to be done?

Ms. DEMPSEY. I would be happy to.

Vice Chairman KERREY. Thank you, Mr. Chairman.

Chairman SHELBY. Thank you. Before we adjourn, I ask unanimous consent that the record remain open for 24 hours for Members to submit statements. Without objection, so ordered.

Ms. Dempsey, we have a few additional questions that we will submit for the record, and I hope that you could respond to those by noon tomorrow. We will work with you on that.

As I told you outside earlier, if we can get the Committee to waive a rule, we'll try to move your nomination forward.

Ms. DEMPSEY. Thank you very much, Mr. Chairman.

Chairman SHELBY. The Committee is adjourned.

[Whereupon, at 11:53 a.m., the Committee adjourned.]

**COMMITTEE BUSINESS MEETING VOTE ON
THE NOMINATION OF JOAN DEMPSEY TO
BE DEPUTY DIRECTOR OF CENTRAL INTEL-
LIGENCE FOR COMMUNITY MANAGEMENT**

MAY 22, 1998

**U.S. SENATE,
SENATE SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.**

The Committee met, pursuant to notice, at 1:30 p.m., in the President's Room, The Capitol, the Honorable Richard C. Shelby, Chairman of the Committee, presiding.

Committee Members Present: Senators Shelby, Chafee, Lugar, Kyl, Inhofe, Hatch, Allard, Coats, Kerrey, Bryan, Kerry, Baucus, Robb, Lautenberg, and Levin.

Chairman SHELBY. The Committee will come to order. The Committee will now consider the nomination of Joan Dempsey to be Deputy Director of Central Intelligence for Community Management. Rule 5.5 of the Committee Rules states the Committee vote on confirmation shall not be sooner than 48 hours after the Committee has received transcripts of the confirmation hearing, unless the time limit is waived by the united consent of the Committee.

The transcript of Ms. Dempsey's hearing is not yet available. Therefore, at this time I ask unanimous consent that Rule 5.5 be waived so the Committee may vote on the nomination.

Vice Chairman KERREY. Mr. Chairman, I so move.

Chairman SHELBY. All in favor, say aye.

[A chorus of ayes.]

Chairman SHELBY. Opposed, no.

[No response.]

Chairman SHELBY. The ayes have it.

All in favor of confirming Ms. Dempsey, say aye.

[A chorus of ayes.]

Chairman SHELBY. All opposed, no.

[No response.]

Chairman SHELBY. Do you want to call the roll? We will call the roll.

Mrs. MCGHEE. Mr. Chafee?

Chairman SHELBY. Aye by proxy.

Mrs. MCGHEE. Mr. Lugar?

Senator LUGAR. Aye.

Mrs. MCGHEE. Mr. DeWine?

Chairman SHELBY. Aye by proxy.

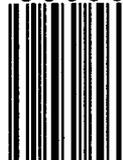
Mrs. MCGHEE. Mr. Kyl?

Senator KYL. Aye.
 Mrs. MCGHEE. Mr. Inhofe?
 Senator INHOFE. Aye.
 Mrs. MCGHEE. Mr. Hatch?
 Senator HATCH. Aye.
 Mrs. MCGHEE. Mr. Roberts?
 Chairman SHELBY. Aye by proxy.
 Mrs. MCGHEE. Mr. Allard?
 Senator ALLARD. Aye.
 Mrs. MCGHEE. Mr. Coats?
 Senator COATS. Aye.
 Mrs. MCGHEE. Mr. Glenn?
 Vice Chairman KERREY. Aye by proxy.
 Mrs. MCGHEE. Mr. Bryan?
 Senator BRYAN. Aye.
 Mrs. MCGHEE. Mr. Graham?
 Vice Chairman KERREY. Aye by proxy.
 Mrs. MCGHEE. Mr. Kerry of Massachusetts?
 Chairman KERREY. Aye by proxy.
 Mrs. MCGHEE. Mr. Baucus?
 Senator BAUCUS. Aye.
 Mrs. MCGHEE. Mr. Robb?
 Senator ROBB. Aye.
 Mrs. MCGHEE. Mr. Lautenberg?
 Senator LAUTENBERG. Aye.
 Mrs. MCGHEE. Mr. Levin?
 Senator LEVIN. Aye.
 Mrs. MCGHEE. Mr. Kerrey of Nebraska?
 Vice Chairman KERREY. Aye.
 Mrs. MCGHEE. Mr. Shelby?
 Chairman SHELBY. Aye.
 Senator CHAFEE. Aye.
 Senator KERRY of Massachusetts. Aye.
 Chairman SHELBY. Report the results.
 Mrs. MCGHEE. Nineteen ayes.
 Chairman SHELBY. Nineteen ayes. Ms. Dempsey's nomination is favorably reported.
 [Whereupon, at 1:34 p.m., the Committee adjourned.]

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