

AN ASSESSMENT OF THE ALDRICH H. AMES  
ESPIONAGE CASE AND ITS IMPLICATIONS  
FOR U.S. INTELLIGENCE

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R E P O R T

PREPARED BY THE STAFF

OF THE

SELECT COMMITTEE ON INTELLIGENCE  
UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

SECOND SESSION



NOVEMBER 1, 1994

U.S. GOVERNMENT PRINTING OFFICE

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## PREFACE

On the morning of February 21, 1994, the Select Committee on Intelligence was advised by the FBI of the impending arrests of CIA employee, Aldrich Hazen Ames, and his wife, Maria del Rosario Casas Ames, on charges stemming from espionage activities allegedly undertaken since 1985. While the extent of these activities was uncertain at that time, it was clear that Ames, an employee of the CIA's Directorate of Operations for 31 years, was in a position to have done grievous harm.

The Committee, like most Americans, was eager to know precisely what Ames had done and how these espionage activities had escaped detection for nine years. At the same time, it was paramount that the ongoing criminal investigation be completed and that the Committee refrain from activities which could complicate or hamper the ability of the Department of Justice to prosecute the case. Indeed, the Committee anticipated that a trial of the case would provide the most complete factual record of Ames's activities.

When Ames and his wife entered guilty pleas on April 28, 1994, to certain of the charges levied against them, the need for a trial was obviated. A "statement of facts" agreed to between the Government and the defendants was entered into the court record, but fell far short of providing a complete account of Ames's activities and did not explain how Ames was able to carry out these activities so long without detection.

To address these matters, within days of Ames's arrest, the Committee requested the Inspector General of the CIA to undertake a comprehensive inquiry. Over the ensuing months the Committee itself held a series of closed hearings and briefings to explore the handling of the case in detail. In August the Committee obtained access to the debriefings of Ames and his wife and to the FBI interviews related to the criminal investigation. Finally, on September 24 the Committee was provided a draft of the CIA Inspector General's report, with a final version provided on September 29. The report, which provided a wealth of new information, had been requested several months before.

Part One of this report summarizes the information produced as a result of these investigations. Obviously, we have had to summarize the story in a way that does not itself reveal classified information, and, for this, we have sought and received the assistance of the Executive branch.

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Part Two contains the Committee's conclusions and recommendations. The failures evident in the Ames case were numerous and egregious. To prevent similar failures in the future will require more stringent policies and procedures, and, above all, strong leadership from CIA managers at all levels. We hope that this report will be reviewed as a constructive contribution to the process of change.

DENNIS DECONCINI,  
*Chairman.*  
JOHN W. WARNER,  
*Vice Chairman.*

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## INTRODUCTION

On February 21, 1994, agents from the Federal Bureau of Investigation (FBI) arrested a 52-year-old employee of the Central Intelligence Agency (CIA), Aldrich Hazen Ames, outside his Arlington, Virginia residence, on charges of conspiracy to commit espionage on behalf of Russia and the former Soviet Union. According to the affidavit supporting the arrest warrant, these activities had begun in April 1985, and continued to the time of the arrest. Ames's wife, Maria del Rosario Casas Ames, was arrested inside the residence on the same charges shortly after her husband was taken into custody.

Announced publicly the following day, the arrests prompted outrage and alarm across the country. Ames had been an employee of CIA for 31 years, with most of his career spent in the Directorate of Operations, which is responsible for carrying out CIA clandestine operations around the globe. While the precise extent of Ames's espionage activities was unclear at the time of his arrest. Justice Department officials confirmed that Ames was believed to have caused the death or imprisonment of a number of Soviets who had been sources of the CIA and FBI. There were calls in Congress for curtailing aid to Russia, and legislative proposals were introduced within days of the arrests to bolster government security practices. A CIA team was sent to Moscow to speak with the Russian intelligence services, but return empty-handed.

President Clinton directed that the senior intelligence officer at the Russian Embassy in Washington be expelled from the United States in retaliation, while at the same time cautioning against treating the episode as a cause for disrupting the fragile political relationship with Russia.

The affidavit made public at the time of the arrests also confirmed that Ames had received substantial payments for the information he had provided—money that he had used years earlier to purchase a new Jaguar automobile and a \$540,000, home, with cash, in Arlington. Apparently, these seemingly large expenditures by an employee making less than \$70,000 a year had not raised questions at the CIA.

The Senate Select Committee on Intelligence (hereinafter "the Committee") received its initial briefing regarding the case on the day the arrests were publicly announced. The facts contained in the affidavit supporting the arrest and search warrants were summarized by representatives of the FBI. While recognizing the need to avoid actions that might complicate or hamper the ongoing FBI investigation and ultimately the Justice Department's prosecution of the case, the Committee was deeply concerned that Ames had been able to carry out his espionage activities without detection for a period of nine years, despite the presence of circumstances which indicated a security problem. What had gone wrong?

To answer this question, the Chairman and Vice Chairman of the Committee wrote to Frederick P. Hitz, the Inspector General of the CIA on February 23, 1994, requesting a comprehensive investigation of the Ames case. On March 1, the Committee met in closed session with Mr. Hitz to discuss the plans to investigate the Ames case.

In the meantime, the Committee continued to receive off-the-record briefings from the FBI and CIA regarding the progress of the ongoing investigation. The searches of Ames's office and residence conducted after the arrests yielded additional evidence of his relationship with the KGB and, since 1991, with its successor intelligence service, the SVR. Indeed, it appeared that Ames may have received approximately \$2.5 million for the information he provided. It was clear the case represented a security breach of disastrous proportions.

On March 10, 1994, the Committee heard testimony in executive session from Director of Central Intelligence, R. James Woolsey, about the interim actions he was taking in light of the Ames case. This testimony was supplemented by a letter from the Director on March 24, 1994, advising the Committee that he would not promote, advance to a more responsible position, or provide any job-related recognition to, those responsible for supervising Ames or for dealing with issues related to the Ames investigation until the Inspector General had submitted his report on the case. Additional steps to tighten security at the CIA were also outlined in the letter.

On April 13, 1994, the Committee held another closed session regarding the Ames case specifically to obtain the response of the CIA to certain stories which had appeared in the press. In particular, CIA witnesses denied press accounts that Ames had been warned by a superior that he was under investigation for espionage.

On April 28, 1994, Ames and his wife, Rosario, pled guilty to charges stemming from their espionage activities. Entered into the record at the time the pleas were made was an agreed-upon "Statement of Facts" which provided new details regarding the Ames's espionage activities. Meetings with the Soviets in Washington, D.C., Vienna, Bogota, and Caracas were acknowledged for the first time. Ames also acknowledged that as of May 1, 1989, he had been paid over \$1.8 million by the KGB and that \$900,000 more had been set aside for him.

In a statement read to the court at the time the plea agreements were entered, Ames admitted having compromised "virtually all Soviet agents of the CIA and other American and foreign services known to me" and having provided to the Soviet Union and to Russia a "huge quantity of information on United States foreign, defense and security policies." Ames went on to say:

For those persons in the former Soviet Union and elsewhere who may have suffered from my actions, I have the deepest sympathy—even empathy. We made similar choices and suffer similar consequences.

As part of their plea agreements, both defendants agreed to cooperate fully with the government to explain the nature and extent of their espionage activities. Both signed agreements forfeiting the

proceeds of their espionage activities to the U.S. Government. Ames was sentenced to life in prison, his wife later received 63 months in prison.

With a trial of the Ameses obviated by the plea agreements, the Committee was no longer constrained in its inquiry by the possibility of interfering with the criminal prosecution. At closed hearings held on May 6, June 16, and June 28, the Committee focused upon Ames's espionage activities as well as the handling of the case by the CIA and FBI. On July 18 a full day was devoted to a staff briefing by representatives of the CIA and FBI, who covered the case from start to finish.

These proceedings were supplemented by an interview of Ames by Chairman DeConcini which occurred on August 5, 1994, at a secure facility in Northern Virginia. In mid-August, copies of the transcripts of the debriefings of Ames by the FBI were provided to the Committee, as well as copies of the interview summaries performed by the FBI during the criminal investigation.

On September 24, 1994, the Inspector General of the CIA submitted the report of his investigation to the Committee. Over 450 pages in length, the report provided a comprehensive, thorough, and candid assessment of how the CIA had handled the Ames case. Based upon interviews with over 300 people, including several interviews with Ames himself, and documentary evidence totalling over 45,000 pages, the report provided a wealth of new information. The Committee, in fact, relied heavily on this extraordinary report in the preparation of this report.

Part One of this Committee report presents in chronological order a factual summary of the Ames case, beginning with the start of his career at CIA and ending with his arrest. It does not purport to cover all of the information in the possession of the Committee, but rather to summarize the key facts as the Committee perceives them. While most of the documents referenced in the footnotes remain classified and are unavailable to the public, they are nonetheless referenced in the interest of documenting the statements made in the report. Certain documents pertaining to the case which have been declassified and made public are included in the appendix to this report.

The Committee submitted this report to the CIA in draft for security review prior to publication. During the review, the CIA identified certain classified information, and the Committee made specific adjustments to the text to satisfy the CIA's security concerns. In the view of the Committee, none of these adjustments substantially altered any aspect of the report.

Part Two of the report contains the Committee's conclusions and recommendations. They were agreed to by all Members of the Committee.

## PART ONE: FACTUAL SUMMARY OF THE AMES CASE

### A. AMES'S PROFESSIONAL AND PERSONAL LIFE PRIOR TO HIS ESPIONAGE ACTIVITIES

#### 1. 1941-1969

Aldrich Hazen ("Rick") Ames was born in River Falls, Wisconsin on May 26, 1941, to Carleton Ceil Ames and Rachel Aldrich Ames. Aldrich Ames was the oldest of three children and the only son. Carleton Ames received his doctorate from the University of Wisconsin and taught at River Falls State Teacher's College; Rachel Ames taught English at a local high school. According to the IG report, the elder Ames came to work for the CIA's Directorate of Operations (DO) in 1952. The family moved to the northern Virginia suburbs, and his wife secured a job teaching English in the Fairfax County public schools. (Transcript, 7/18/94, pp. 3-5.)

The elder Ames had one overseas tour—accompanied by his family, including Rick—in Southeast Asia from 1953 until 1955. CIA records reflect Carleton Ames received a particularly negative performance appraisal from this tour, and that (IG report, Appendix B., page 6) the elder Ames had a serious alcohol dependency. Carleton Ames returned to CIA Headquarters after his overseas tour, and after a 6-month probationary period, remained in the Directorate of Operations until his retirement from the CIA in 1967 at the age of 62. Carleton Ames died five years later of cancer in 1972. (Transcript, 7/18/94, p. 4)

In 1957, after his sophomore year at McLean (Virginia) High School, Rick Ames secured a summer job at the CIA as a General Schedule (GS)-3 on the Federal Government salary scale. (The Federal Government GS scale is a matrix of standard salaries from the lowest, GS-1, to the highest, GS-15) He Served as a Records Analyst, where he marked classified documents for filing. He returned to the same job each summer through 1959. (Ibid., p. 5)

After graduating from high school, Ames entered the University of Chicago in the fall of 1959, where he pursued a long-time passion for drama, and where he intended to study foreign cultures and history. In the summer of 1960, he again obtained employment at the CIA, working as a laborer/painter at a facility in Virginia. He returned to the University of Chicago in the fall of 1960, but because of failing grades resulting from his devotion to the theater, he did not finish out the school year. Instead, he worked as an assistant technical director at a Chicago theater until February 1962, when he returned to the Washington, D.C. area and obtained full-time employment at the CIA as a GS-4 clerk-typist. At this time he performed essentially the same type of clerical duties he had performed during his summers in high school. (Ibid., pp. 6-7)

During his March 23, 1962 "entrance-on-duty" polygraph examination, Ames admitted that in November 1961 he and a friend,

while inebriated, had "borrowed" a delivery bicycle from a local liquor store, were picked up by the police, and subsequently released with a reprimand. The polygraph examiner note that Ames was "not sparkling, but a friendly, direct type" who was generally cooperative during the interview. Ames passed the polygraph examination, and his initial Background Investigation (BI), completed on May 18, 1962, revealed no negative information from police or credit bureau records. (CIA IG report, p. 49 and pp. 160-161)

Ames remained a document analyst at the Agency within the Directorate of Operations (DO) for the next five years while attending George Washington University on both a part-time and full-time basis. In September 1967, he graduated with a B-minus average and a bachelors' degree in history. During this period, Ames was arrested for intoxication in the District of Columbia in April 1962. The following year, Ames was arrested for speeding, and again for reckless driving in 1965. According to Ames, at least one of these latter incidents was alcohol-related. (CIA IG report, p. 49) By 1967, Ames had attained the grade of GS-7, having received good performance appraisals from his supervisors.

According to the IG report, Ames originally viewed his work as a records analyst as a stopgap measure to finance his way through college. Once he obtained his diploma, however, Ames applied and was accepted into the Career Trainee Program at the CIA in 1967. During this training, the CIA taught Ames the skills necessary for CIA officers to recruit and manage agents—those individuals who provide the CIA with information or other forms of assistance. Such officers are known within the CIA as "operations officers" or "case officers."

The CIA conducted a psychological assessment of Ames prior to his training as an operations officer, a routine procedure for all successful applicants. Ames placed on the low end of the spectrum in terms of the qualities necessary for a successful career as an operations officer. (Transcript, 7/18/94, p. 199) Ames appeared to be an intellectual and a loner, rather than a gregarious person capable of meeting and recruiting people of diverse backgrounds and cultures. But at the conclusion of his training, Ames was assessed as a "strong" trainee, depicted as intelligent, mature, enthusiastic, and industrious. (CIA IG report, Appendix B. pp. 15-16)

During this period, Ames met his first wife, also a participant in the CIA's Career Trainee Program. They were married in May of 1969.

Upon his graduation from the trainee program in October 1968, Ames was promoted to GS-10 and in October 1969 was given his first overseas assignment to Ankara, Turkey. (Transcript, 7/18/94, p. 8)

## 2. 1969-1981

### *Ames's tour in Ankara*

Ames was accompanied by his wife to Turkey where he worked as an operations officer. Pursuant to CIA policy, his wife was required to resign from the Agency, but continued to perform part-time administrative work in her husband's office.

During his first year in Ankara, Ames was rated as a "strong" performer and was promoted to GS-11 in 1970. His performance during the second and third years gradually declined. At the end of the second year, he was rated as "proficient", and by the end of the third year, Ames's superiors considered him unsuited for field work and expressed the view that perhaps he should spend the remainder of his career at CIA Headquarters in Langley—a devastating assessment for an operations officer. Ames's overall evaluation was "satisfactory". (CIA IG report, p. 32) Ames was deeply bothered and discouraged by this critical assessment of his job performance. Indeed, Ames would subsequently reflect to colleagues in 1988 that his Ankara tour was "unhappy" and "unsuccessful" and he seriously considered leaving the CIA. (CIA IG report, Appendix B, p. 17)

### *Ames's subsequent assignment in the United States*

In 1972, Ames returned to CIA headquarters where he spent the next 4 years in the Soviet-East European (SE) Division of the DO. In 1973, he was given Russian language training, and thereafter was assigned to a position where he supported CIA operations against Soviet officials in the U.S. While at Headquarters, Ames won generally enthusiastic reviews from his supervisors, apparently because he was more proficient in managing paperwork and planning field operations than being "on the front lines" as an agent recruiter. (CIA IG report, p. 33)

Yet evidence of Ames's drinking problems also surfaced during this period. At a Christmas party on December 20, 1973 Ames became so drunk that he had to be helped to his home by employees from CIA's Office of Security. (Transcript, 7/18/94, p. 18) The following Christmas, Ames also became intoxicated and was discovered by an Agency security officer in a compromising position with a female CIA employee. Each incident resulted in an Office of Security "eyes only" memorandum being placed in his security file, but it does not appear that his supervisors were made aware of these incidents. (CIA IG report, p. 49)

Ames served as a desk officer supporting field operations through June 1976. He received four evaluations rating him as a "strong performer" and one as "proficient", and there were occasional commendations for his motivation and effectiveness. However, these favorable evaluations also noted Ames's procrastination and inattention to detail—issues that would become chronic problems.

Following his tour at CIA headquarters, Ames was assigned to New York City from 1976 until 1981, where he handled two important Soviet assets for the CIA. The performance appraisals Ames received during this period were the highest of his career. Rated four of the five years as "superior" or "invariably exceeding work standards," Ames's supervisors regarded him as interested, articulate, and capable. As a result of these evaluations, Ames received several promotions and a bonus. At the conclusion of his New York tour in 1981, he was ranked near the top of all operations officers at this grade level (GS-13). Subsequently, in May 1982, largely on the basis of his performance in New York, Ames received what was to become his last promotion to GS-14.

Despite his generally favorable performance in New York, Ames's supervisors continued to note his tendency to procrastinate, particularly in term of his late submissions of his financial accountings and operational contact reports. (CIA IG report, p. 45)

Ames's inattention to detail led to two significant security violations during this period. In an incident which occurred in 1976 when Ames was on his way to meet a Soviet asset, he left his briefcase on a subway train. The briefcase contained classified operational materials which could have compromised the Soviet asset concerned. Within hours, the FBI retrieved the briefcase from a Polish emigré who had found it, but it was unclear to what extent the information may have been compromised. Although Ames himself later reflected that the incident made him consider leaving the CIA, it appears that he received only a verbal reprimand. (Transcript, 7/18/94, p. 20) Several years later, in October 1980, Ames was cited for leaving TOP SECRET communications equipment unsecured in his office, but this, too, did not result in an official reprimand. (Ibid., p. 19)

During Ames's assignment to New York, it also appears his marital relationship grew strained. He turned down several overseas assignments because his wife preferred to stay in New York. Realizing, however, that frequent rejections of overseas assignments would negatively impact on his career, Ames accepted an assignment in September 1981 for Mexico where he believed he could stay in fairly close contact with this wife, who remained in New York. (CIA IG report, Annex B, pp. 22-23)

### 3. 1981-1983

In Mexico, Ames continued to specialize in Soviet cases. While his first performance appraisal was generally positive, his second and final evaluations grew progressively weaker. As in Turkey, Ames appeared stronger handling established sources rather than developing new ones. While in Mexico, Ames spent little time working outside the office, developed few assets, and was chronically late with his financial accountings. Ames's evaluations were "generally unenthusiastic", and focussed heavily on his poor administrative work. Nevertheless, Ames's superiors gave him overall grades which indicated he "occasionally exceeds the work standards" and his "performance is good." (CIA IG report, p. 34)

CIA records reflect that in 1982, Ames was considered for a Deputy Chief of Station assignment in another Latin American country. Yet neither of his immediate supervisors supported the assignment, primarily because of his mediocre job performance. (Transcript, 7/18/94, p. 25)

#### *Ames meets Rosario*

While he had hoped that his marriage could endure during his unaccompanied tour in Mexico, Ames engaged in at least three extramarital affairs during the early part of this assignment. Toward the end of 1982, Ames realized he had no desire to salvage his marriage. (CIA IG report, Annex B, pp. 23-24) It during this period in late 1982 that he met Mara del Rosario Casas Dupuy (hereinafter referred to as "Rosario"), the cultural attaché at the Colombian Embassy in Mexico City.

They were introduced through a CIA colleague of Ames who had recruited Rosario in October 1982 as a paid source. By virtue of her membership on the board of the local diplomatic association, she knew diplomats from many of the embassies in Mexico, including a KGB officer who served on the same board. (Transcript, 7/18/94, pp. 27-29, 32)

Ames's relationship with Rosario grew increasingly serious until he eventually proposed marriage to her. Despite Agency regulations, Ames did not report his romance with a foreign national to his superiors. Some of Ames's colleagues were aware of the relationship, but this did not prompt Ames to file the necessary report. (CIA IG report, p. 46)

### *Ames's drinking problem*

Ames's lackluster performance appraisals during the Mexico assignment were partially due to a growing pattern of heavy drinking. In an interview with Chairman DeConcini, Ames noted that he had a reputation for "regularly going out with a group of people, taking long lunches, and having too much to drink." He recalled one particular episode at a diplomatic reception at the American Embassy in Mexico City, where he had had too much to drink and became involved in a loud and boisterous argument with a Cuban official. (Ames interview, 8/5/94, p. 77) On another occasion, Ames was involved in a traffic accident in Mexico City and was so drunk he could not answer police questions or recognize the U.S. Embassy officer sent to help him. (IG report, p. 246)

According to Ames, the episode with the Cuban official "caused alarm" with his superiors. He was counselled by one superior, and another supervisor sent a message to CIA headquarters recommending that Ames undergo an assessment for alcohol abuse when he returned to the United States. (CIA IG report, p. 52)

On Ames's return from Mexico, he had one counseling session but there was no follow-up program of treatment. (CIA IG report, pp. 52-53) (Transcript, 7/18/94, p. 23) Ames was administered blood tests which proved normal, and he denied to the counselor that he had a drinking problem. (CIA IG report, p. 52) The IG report indicates that the medical office was not aware of, and did not request, additional information about Ames's drinking habits, either from the Office of Security or the DO, prior to the counseling session. (CIA IG report, p. 53)

Ames said in an interview after his arrest that there were "many much more serious problems of alcohol abuse within the directorate. He said that his alcohol problem had "slopped over" only once during a formal occasion (at the embassy reception in Mexico City), and only on "a couple of less formal occasions." (Ames Interview, 8/5/94 pp. 71-72)

In February 1983, the CIA Office of Security conducted a routine background investigation of Ames. The investigative report noted that Ames was a social drinker who was inclined to become a bit enthusiastic when he overindulged in alcohol. (CIA chronology, 9/94-3009) But no serious alcohol problem was identified.

Furthermore, although Ames's supervisor in Mexico City had recommended to CIA headquarters that Ames be counseled for his

drinking problem, this was not made known at the time to his prospective supervisors in the SE Division (Transcript, 7/18/94, p. 25) who were unaware of this growing personal problem.

In April 1983, a former colleague of Ames, who had served with him in New York and was now in a supervisory position in the SE Division of the DO, requested that Ames be assigned to a position in the SE Division after his tour in Mexico. Despite his poor performance and alcohol problem, Ames's Mexico City supervisors did not object to his new assignment, which placed him in the most sensitive element of the DO—responsible for the Agency's Soviet counterintelligence activities.

#### 4. SEPTEMBER 1983—APRIL 1985

When Ames returned to headquarters in September 1983, he was made counterintelligence branch chief for Soviet operations, responsible for analyzing selected CIA operations involving Soviet "assets." Ames was regularly involved in reviewing whether asset cases were genuine, whether there were security problems evident, or whether a particular agent had been compromised. (Transcript, 7/18/94, pp. 38–39)

In this counterintelligence function, Ames was in a position to gain access to all CIA operations involving Soviet intelligence officers worldwide. His assignment also gave him access to all CIA plans and operations targeted against the KGB and GRU intelligence services.

In March 1984, in addition to his full-time responsibilities as chief of the soviet counterintelligence branch, Ames began providing intermittent support to a CIA field office responsible for developing Soviet sources in Washington, D.C. area. He met occasionally with one Soviet official to assess that individual as a potential source, and when that individual returned to the Soviet Union, Ames established a new relationship with another Soviet embassy official, Sergey Dimitriyevich Chuvakhin, also to assess him.

Ames conducted these contacts with the approval of the CIA local field office, the FBI, as well as the approval of his immediate supervisor in SE Division. Ames was required to report all such contacts to the CIA, and the CIA was required to coordinate these activities with the FBI. (Affidavit of Leslie G. Wisner, Jr., in Support of Warrants for Arrest and Search and Seizure Warrants, p. 5) The Committee was advised that it was not unusual for CIA officers, posted to headquarters, to support other ongoing CIA operations in this manner.

Judging from his performance appraisals, Ames performed well in his new assignment in the SE Division. His ratings were noticeably improved over those in Mexico City. He was judged "above average" and described as "something of a Soviet scholar . . . (with) considerable experience in working sensitive cases." He was also cited as a good manager. (Transcript, 7/18/94, p. 39) His supervisor—the same one who had given him the highest possible ratings in New York—downgraded Ames slightly to a rating which indicated he "frequently exceeds the work standards" and his "performance is excellent." (CIA IG report, p. 36) There was no evidence in his file of the drinking problem that had surfaced in Mexico. (Transcript, 7/18/94, p. 39)

In November 1983, Ames submitted an "outside activity" report to the Office of Security, noting his relationship with Rosario Casas. This was shortly before Rosario came to the United States and began living with Ames in his Falls Church apartment. (Transcript, 7/18/94, p. 33)

On April 17, 1984, Ames notified the CIA of his intention to marry Rosario. In accordance with CIA policy, this triggered a background investigation of Rosario. On August 27, 1984, Rosario was given a polygraph exam, which is standard procedure for a foreign national marrying a CIA officer. She passed the exam with no indication of deception. The Office of Security completed a background investigation of Rosario on November 5, 1984 which included interviews with five of her friends and associates, some of whom commented that "she came from a prominent, wealthy family in Colombia". However, CIA did not conduct any specific financial checks in Colombia to verify these statements. (Transcript, 7/18/94, p. 35)

While the polygraph examination and background investigation did not turn up any derogatory information concerning Rosario, the counterintelligence staff of the DO nonetheless recommended that in light of Ames's intent to marry a foreign national, he be transferred from his position as branch chief in the counterintelligence section of the SE Division to a less sensitive position in the Directorate of Operations. This recommendation was accepted by the Deputy Director for Operations (DDO), but there is no record of any further action by DO management. (CIA IG report p. 166)

In the summer of 1984 or 1985, after consuming several alcoholic drinks at a meeting with his soviet contact, Ames continued to drink at a CIA-FBI softball game until he became seriously inebriated. Ames had to be driven home that night and "left behind at the field his badge, cryptic notes, a wallet which included alias identification documents, and his jacket." Some recall that senior SE Division managers were either present or later made aware of this incident, but the record does not reflect any action was taken as a result. (CIA IG report, p. 50)

Ames was involved in another breach of security in the fall of 1984, this time involving Rosario. Ames had been temporarily detailed to work in New York. It had been arranged that Ames and two other officers would travel to New York and stay at Agency-provided housing. Ames showed up with Rosario. One of the other officers complained to a local CIA officer that Rosario's presence in the Agency housing compromised the cover of the other case officers as well as their activities. A second CIA officer confronted Ames and reported the matter to senior CIA management in New York. Ames says he complied with a management instruction to move to a hotel room. There is no record that any disciplinary action was taken against Ames in this matter, but both Ames and a Headquarters officer recall that Ames was told that he had exercised bad judgment when he returned to Washington. (CIA IG report, p. 47)

#### *Divorce and financial pressures*

In October 1983, Ames formally separated from his first wife, who by this time had found new employment and continued to live

in New York. The couple ratified a "Property Stipulation" in which Ames agreed to pay her \$300 per month for 42 months, beginning in June 1985 and continuing through November 1989. This placed a new cumulative debt on Ames of \$12,600. (CIA IG report, p. 57) Ames also agreed as part of the separation agreement to pay all the outstanding credit card and other miscellaneous debts, which totaled \$33,350. (Ibid.)

The IG report indicates that Ames believed his divorce settlement threatened to bankrupt him. (Ibid.) At the same time, Ames acknowledged that his indebtedness had grown since Rosario came to live with him in December 1983. He faced a new car loan, a signature loan, and mounting credit card payments.

On September 19, 1984, Ames's wife filed for divorce on grounds of mental cruelty. Divorce proceedings began the following month and lasted into the next year. (Transcript, 7/19/94, P. 29)

Ames later told Senator DeConcini that these financial difficulties led him to first contemplate espionage between December 1984 and February 1985:

I felt a great deal of financial pressure, which, in retrospect, I was clearly overreacting to. The previous two years that I had spent in Washington, I had incurred a certain amount of personal debt in terms of buying furniture for an apartment and my divorce settlement had left me with no property essentially. Together with a cash settlement of about \$12,000 to buy out my pension over time, I think I may have had about \$10,000 or \$13,000 in debt. It was not a truly desperate situation but it was one that somehow really placed a great deal of pressure on me. Rosario was living with me at the time. I was contemplating the future. I had no house, and we had strong plans to have a family, and so I was thinking in the longer term . . . (Transcript, 8/5/94, pp. 13-14)

It was these pressures, says Ames, which in April 1985, led him to conceive of "a scam to get money from the KGB." (Transcript, 8/5/94, p. 14)

## B. AMES'S ESPIONAGE AND THE GOVERNMENT'S ATTEMPTS TO CATCH A SPY

### 1. APRIL 1985-JULY 1986

#### *Ames offers his services*

With his considerable knowledge of Soviet operations and experience in clandestine operations, Aldrich Ames conceived of a plan to obtain money from the Soviets without being detected by the CIA or the FBI.

As summarized in the previous section, Ames routinely assisted another CIA office which assessed Soviet embassy officials as potential intelligence assets. His SE Division manager agreed to and sanctioned his work in this area in late 1983 or early 1984, even

though Ames was in a counterintelligence job which gave him access to both former and active CIA operational cases involving Soviet intelligence officers. (CIA IG report, p. 61) Ames initially coordinated his contacts with the FBI, and he worked out the operational details with the local CIA office responsible for such operations.

According to Ames, he contracted selected Soviet officials using an assumed name and fake job description—identifying himself as a Soviet Union expert with the Intelligence Community Staff. (CIA IG report, pp. 61-62)

Using this cover, he met with a particular Soviet official for almost a year. When this official returned to Moscow, he suggested Ames continue his contacts with a Soviet Embassy official Sergey Dmitriyevich Chuvakhin, a member of the Soviet Ministry of Foreign Affairs who specialized in arms control matters. In April 1985, Ames arranged a meeting with Chuvakhin. Chuvakhin thought the meeting was to discuss broad U.S.-Soviet security concerns, and the CIA thought Ames was meeting with Chuvakhin to assess the Soviet as a possible source for U.S. intelligence. In fact, Ames planned to offer the Soviets classified information in exchange for money.

Ames entered the Soviet Embassy in Washington, DC on 16 April 1985 and handed an envelope to the duty officer at the reception desk, while asking for Chuvakhin by name. The message was addressed to the Russian officer he knew to be the most senior KGB officer at the embassy. Although unspoken, it was implied that Ames wanted the letter delivered to the KGB officer. The duty officer nodded his understanding. Ames then had a short conversation with Chuvakhin and departed the embassy. (Transcript, 7/19/94, p. 45; 9/19/94 conversation between SSCI staff and Special Assistant for CIC)

Inside the envelope left with the duty officer at the Soviet Embassy was a note which described two or three CIA cases involving Soviets who had approached the CIA to offer their services. The CIA believed each to be controlled by the KGB, (i.e. "double agents") and thus, Ames thought that disclosing to the KGB that these Soviets were working with the CIA was "essentially valueless information." Nonetheless, he thought providing such information would establish his *bona fides* as a CIA insider. (Transcript, 8/5/94, p. 16) (Later, Ames disclosed to the KGB that, in fact, the CIA believed these Soviets were controlled "double agents".)

To further establish his *bona fides*, Ames included a page from an internal SE Division directory with his true name highlighted. He also listed an alias he had assumed when meeting Soviet officials earlier in his career. Finally, he requested a payment of \$50,000. Ames has stated he did not ask for a follow-up meeting or suggest possible future means of communication with the KGB in this initial letter. Several weeks later, however, Chuvakhin scheduled another luncheon with Ames. According to Ames, he entered the Soviet Embassy on May 15, 1985 and asked for Chuvakhin, but instead was escorted to a private room. A KGB officer came in and passed him a note which said that the KGB had agreed to pay him \$50,000. The KGB note also stated that they

would like to continue to use Chuvakhin as an intermediary between the KGB and Ames. Two day later, on 17 May, Ames met Chuvakhin and received a payment of \$50,000 cash. (Transcript, 7/18/94, p. 47-50)

#### *Motivation for continuing his espionage activities*

Ames has admitted that his motivation to commit treason changed over time. Because of his perception of his growing financial problems, Ames say he initially planned a one-time "con game" to provide the Soviets with the identities of their own double agent operatives, in return for a one-time payment of \$50,000 to cover his debts. He guessed the KGB would pay him the \$50,000 and thought this would solve most of his outstanding financial problems.

What motivated Ames to continue the relationship with the KGB after the \$50,000 payment is not altogether clear, even to Ames himself. In an interview with Senator DeConcini, Ames observed that he viewed his request for \$50,000 as a "one time deal." Ames states that ". . . (a)t that time in May when I had got the money, I figured I was finished." (Transcript, 8/5/94, p. 17) Ames elaborated in the interview:

I'm still puzzled as to what took me to the next steps. The main factor, on balance I think, was a realization after I had received the \$50,000, was a sense of the enormity of what I had done. I think I had managed under the stress of money and thinking, conceiving the plan I had carried out in April, I saw it as perhaps a clever, . . . not a game, but a very clever plan to one thing. . . . (It) came home to me, after the middle of May, the enormity of what I had done. The fear that I had crossed a line which I had not clearly considered before. That I crossed a line I could never step back. And . . . I think in retrospect, it is very difficult for me to reconstruct my thoughts at the time. Before April, I can very well. It was a very rational, clever plan, cut between the middle of May and the middle of June . . . it was as if I were sleepwalking. I can't really reconstruct my thinking. It was as if I were in almost a state of shock. The realization of what I had done. But certainly underlying it was the conviction that there was as much money as I could ever use. If I chose to do that. (Transcript, 8/5/94, pp. 19-20)

Ames has also told FBI investigators involved in his debriefings that, in retrospect, he left his initial communication with the Soviets open-ended so that they would expect his continued corporation. (Transcript, 7/18/94, p. 45) After the KGB paid him the \$50,000, according to an FBI official, Ames "decided that he wasn't going to stop at that point." (Ibid., p. 50)

#### *Increased espionage activities*

Ames's next step dealt a crippling blow to the CIA's Soviet operations. According to interviews with Ames, without any prompting or direction by the KGB or any promise of additional money, he met again with Chuvakhin on June 13, 1985, and provided copies

of documents which identified over ten top-level CIA and FBI sources who were then reporting on Soviet activities. CIA officials have testified that Ames provided the "largest amount of sensitive documents and critical information, that we know anyway, that have ever been passed to the KGB in one particular meeting . . ." (Ibid., p. 52) Ames wrapped up five to seven pounds of message traffic in plastic bags and hand-carried them out of the CIA Headquarters building for delivery to the KGB, knowing that the CIA no longer examined packages carried out of the building by Agency employees. Ames would use this simple and straightforward method at both CIA Headquarters and during his Rome assignment to provide information to the KGB. (CIA IG report, p. 48) In court documents filed for this case, Ames admitted he disclosed the identities of Russian military and intelligence officers who were cooperating with the CIA and friendly foreign intelligence services. (Statement of Facts, p. 10) Some of these officials held high-level jobs within the Soviet military and intelligence services. For example, the court documents stated, one particular asset was "a KGB officer stationed in Moscow who had provided valuable intelligence including, the revelation that the KGB used an invisible substance referred to as 'spy dust' to surveil U.S. officials in Moscow." (Ibid.) Ames has also admitted that part of this rationale for exposing these operations to the KGB was because he sought to protect his own role as KGB informant by eliminating those KGB assets who could be in the best position to tell the CIA of Ames's espionage.

#### *The CIA recognizes a problem*

In the months ahead, the CIA would begin to learn of the loss of the sources identified by Ames on June 13, 1985.

But unbeknownst to the CIA, at virtually the same time Ames began his relationship with the KGB, a former CIA employee, who had had access to some of the same Soviet cases which were disclosed by Ames, was himself cooperating with the Soviets.

#### *Edward Lee Howard*

The CIA had hired Edward Lee Howard in 1981, and as part of his training for an initial assignment in Moscow, Howard had been given access to the details of certain CIA operations in the Soviet Union, including identifying information on several CIA sources. In 1983, after Howard made damaging admissions during a polygraph examination which indicated serious suitability problems, the CIA abruptly terminated Howard's employment with the CIA. His bitterness towards the CIA gradually increased over the next year. Late in 1984, Howard decided to retaliate by compromising several CIA operations to the KGB. He is believed to have met with the KGB in January 1985, and again several months later in May 1985, and presumably disclosed the details of several CIA operations.

For CIA officials, the recognition of the source and extent of the losses of its Soviet operations took months to piece together. In May 1985—several weeks before Ames passed his list of sources to the KGB—officials in the Directorate of Operations began to sense a possible security problem when a CIA source was suddenly recalled to the Soviet Union. Later that summer, the CIA became

aware that a Soviet source handled by British intelligence had been recalled to Moscow and was accused of spying. (PLAYACTOR/SKYLIGHT report, March 15, 1993, p. 19)

Then on June 13, 1985—the same day that Ames gave the list of CIA and FBI sources to the KGB in Washington—the KGB thwarted a planned meeting between one of the sources disclosed by Ames and a CIA officer in the Soviet Union, indicating to CIA officials that the Soviet asset had been compromised. (Although it is now presumed that Howard had enabled the KGB to identify this source, the source was also among those identified by Ames in his 13 June 1985 transmittal to the KGB.) (Transcript, 7/18/94, p. 65)

The CIA began to focus on Howard as the source of these compromises in August 1985 when a high-level KGB defector, Vitaly Yurchenko, told CIA he had seen cables in 1984 which identified a former CIA employee named "Robert" as a KGB source. Soon afterward, as a result of the debriefings of Yurchenko, the CIA determined that "Robert" was, in fact, Edward Lee Howard. (Yurchenko Chronology, 86-1637(A), p. 3)

While Yurchenko was being debriefed in Washington, Howard was meeting with the KGB in Vienna. At that meeting the KGB warned him that one of their officers with knowledge of his case was missing. On September 21, 1985, two days after a meeting with the FBI where he was confronted with Yurchenko's allegations, Howard eluded FBI surveillance and fled the United States for Helsinki, Finland, and ultimately settled in the Soviet Union. He has effectively eluded U.S. authorities ever since. (Transcript, 7/18/94, pp. 71-72)

#### *More losses surface*

As the Howard case was unfolding, the CIA learned in September 1985 that a source in Moscow had been arrested for espionage. (Transcript, 7/18/94, p. 66) In October 1985, the CIA learned that a second intelligence asset in a European country, who returned to Moscow in August on home leave, had never returned to his post. In December of that year, the CIA learned that this asset had also been arrested. (Ames chronology, 94-3009, p. 2) In January of 1986, the CIA learned that a third source posted in a European country had been taken into custody by Soviet authorities in November and returned to Moscow. (Transcript, 7/18/94 p. 74) These assets, whose arrests were reported in the fall of 1985, were regarded among the most important CIA human sources at the time. All of these sources were later executed.

According to a CIA analysis, Howard had known of none of these agents. Thus, while Howard's treachery had initially clouded the picture, it was clear to the SE Division of the Directorate of Operations by the end of 1985 that the defection of Howard alone could not explain the disastrous events which were unfolding. (Transcript, 7/18/94, p. 74)

Indeed, throughout 1986, CIA continued to learn of Agency operations that had been compromised to the Soviets. As one CIA officer put it, "they were wrapping up our cases with reckless abandon." (Transcript, 6/16/94, p. 20) This was, by all accounts, highly unusual behavior for the KGB. If the KGB had recruited an agent

within the CIA, the last thing they would likely do—according to the prevailing wisdom among the Agency's professional "spy catchers"—would be to draw attention to the agent by suddenly "rolling up" all the cases he knew about. (Transcript, 6/16/94; p. 47) According to the CIA IG report, Ames says that his KGB handlers recognized the dangers of what they had done. They told Ames that they regretted putting him in such a position, but believed their political leadership felt they had little choice but to take those steps. (CIA IG report, p. 77)

In all, there were over 20 operations compromised to the Soviets during this period, less than half of which could plausibly be attributed to Edward Lee Howard. In addition, other U.S. intelligence activities which had clearly not been known to Howard were also compromised during this time period. (PLAYACTOR/SKYLIGHT report, p. 3)

The compromise of the identities of these intelligence agents amounted to a virtual collapse of the CIA's Soviet operations.

### *The CIA's initial response*

Each of the cases the CIA learned had been compromised in the fall of 1985 was separately analyzed by the counterintelligence element of the SE Division to attempt to ascertain the reason for the compromise.

The CIA first suspected that the KGB had penetrated its communications with the field, using either technical means or a human source. To ascertain whether this was true, the CIA in late 1985, ran probes and tests which elicited no discernable response from the KGB. (Transcript, 6/16/94, p. 22)

In reaction to the compromises that had occurred, the SE Division in January 1986, put in place "draconian measures" to limit access to its ongoing Soviet operations and to ensure that communications from the field were accessible only to the few employees of SE Division working on the operations. (Transcript, 6/16/94, pp. 21–22) SE Division greatly limited the number of personnel who had access to the new agent cases.

It is also clear that by January 1986, Director Casey had been apprised of the situation. His initial response appears to have been to request a senior CIA official, a former Inspector General and Deputy Director for Operations, to review each of the cases known to have been compromised and to analyze the reasons for the failures. (CIA IG report, p. 82)

According to individual recollections, the senior official concerned provided a 9–10 page memorandum which concluded that each of the compromised cases could be attributed to problems evident in each case. The possibility of a technical penetration of CIA facilities or communications also was apparently noted. (Ibid.) (The 1994 CIA IG report notes that the theory that each case might have held "the seeds of its own destruction" was "never totally rejected as the answer to the compromises despite the rate at which the SE Division was losing cases, which pointed to more than sheer coincidence." (Ibid.)

Apparently motivated by the report from the senior official, DCI Casey convened what is believed to be the first meeting with senior staff of the Directorate of Operations in April 1986 to discuss the

compromised cases. According to individual recollections, Casey was told that the SE Division was reviewing the files pertaining to the cases and was exploring the potential for a technical compromise, but no further action resulted from the meeting. (Ibid., p. 81)

In fact, the SE Division was continuing to get new Soviet cases by this time which appeared to be surviving. (Transcript, 6/16/94, p. 21) This development appears to have led some to conclude several years later that whatever the source of the compromises had been, it no longer seemed to be causing problems. (PLAYACTOR/SKYLIGHT report, p. 6)

Ironically, around this same time, the CIA Inspector General and the President's Foreign Intelligence Advisory Board (PFIAB) issued assessments of the CIA's handling of the Howard case, which specifically identified serious institutional and attitudinal problems in the CIA's handling of counterintelligence cases. The PFIAB report noted in particular that "senior CIA officers continued to misread or ignore signs that Howard was a major CIA problem. This myopia was partially ascribed to a fundamental inability of anyone in the SE Division to think the unthinkable—that a DO employee could engage in espionage." The report went on to recommend that CIA component heads report counterintelligence information to the Office of Security, and that the Office of Security serve as focal point for informing the FBI of such matters.

In June 1986, (as SE Division officers reviewed various alternatives to explain the Ames losses), DCI Casey reacted strongly to the CIA IG and PFIAB findings. He sent a June 4 memorandum to the Deputy Director for Operations (DDO) Clair George saying that he was appalled by the DO's handling of the Howard case, especially the Directorate's "unwillingness to accept even as a possibility a DO officer committing espionage for the Soviet Union." He stated that the DDO and the SE Division Chief were deserving of censure, and DO division and staff chiefs were to be instructed that "the DO must be more alert to possible CI cases in the ranks." In the future, any suggestion of such a development was to be shared with the Director, Office of Security and Chief, Counterintelligence Staff. The memorandum from Casey held the DDO personally responsible for correcting "deficiencies in process, organization and attitude that contributed to (the Howard) catastrophe." Also, the DCI charged the Chief, SE Division to take personal responsibility in the future for the selection of division officers for particularly sensitive posts. The DCI's memorandum was forwarded to the Assistant to the President for National Security Affairs for information. (CIA IG Report, p. 15)

While Casey reacted strongly to the criticisms of the Agency's handling of the Howard case, his admonitions to the DO do not appear to have significantly affected the efforts to resolve the 1985 compromises.)

#### *Ames continues his double life*

While the CIA attempted to sort out what had gone so drastically wrong with its Soviet operations, Ames continued to provide the KGB with classified information from May 1985 until he left for an overseas assignment in Rome in July 1986. Ames met repeatedly

with Chuvakhin, his intermediary, and passed a wealth of detail about Soviets targeted by the CIA, double agent operations, the identity of other CIA agents, background information on his past tours, and CIA *modus operandi*. In the end, the FBI identified over 14 occasions between May 1985 and July 1986 when Chuvakhin met with Ames, although Ames believes there were probably a few more meetings which were not detected by the Bureau. (Transcript, 7/18/94, p. 57)

In order to maintain a plausible cover for his frequent lunches with Chuvakhin, Ames filed reports with the CIA which summarized his meetings, and he met occasionally with CIA and FBI officials to discuss the progress of his recruitment operation targeted against Chuvakhin.

According to testimony from CIA officials, Ames was walking a difficult line:

Rick was trying to play a funny game, you know, because in one sense he was—he wanted to make it look good enough so that everybody would want to continue the operation, but on the other hand not to make it look so good that people would start to focus on it. And not to make it look so good that when Rick decided to withdraw from it, that someone else would want to take over the case. (Transcript, 7/18/94, p. 51)

By July 1985, Ames stopped reporting to the FBI and the CIA on his meetings with Chuvakhin. He verbally reported some of his contacts to the CIA office he was supporting, and the CIA office passed on the relevant operational details to the FBI. (Transcript, 7/18/94, p. 60) The FBI was aware that the meetings continued and requested that the CIA follow-up to ensure that Ames submitted formal reports of the meetings, as required by both organizations. The FBI presumed that the CIA knew of the meetings and that Ames was simply slow in getting the paper work done. According to FBI officials:

There were two or three times that our people either went over there and finally actually sent a communication over asking CIA why aren't we receiving any of the reports of these meetings. But the reports were never forthcoming and neither CIA nor FBI, followed up. Also, the reports that were made were not shown to his current bosses in SE. (Transcript, 7/18/94, pp. 58-59).

The CIA did attempt to get Ames to provide reports of his meetings with Chuvakhin after he had been reassigned to Rome, but Ames never responded and no further action appears to have been taken.

In fact, there appears to have been a breakdown in the monitoring of Ames's operational relationship with Chuvakhin. Ames's immediate supervisor in SE Division had given his approval for the contacts between Ames and the Soviet Embassy official in early 1984. On the other hand, this manager did not have supervisory authority over the operation against Chuvakhin, a role correctly assumed by the officers in the CIA field office responsible for monitoring CIA contacts with Soviets within the U.S. (These officers

had also approved Ames's contacts closely, and did not keep Ames' SE Division management well informed about the case, or alert Ames's direct supervisors when Ames failed to report regularly on his meetings.

Senior SE Division supervisors in 1985 who were in positions to know both about Ames's counterintelligence role at headquarters, as well as about CIA field office operations targeted against Soviet Embassy officials in Washington, have stated that they were unaware of his meetings with Soviet Embassy officials and would have disapproved such meetings had they known of them, in light of Ames's sensitive position in the counterintelligence branch.

Ames received, in addition to the initial payment of \$50,000, regular cash payments during his subsequent luncheons with Chuvakhin, in amounts ranging between \$20,000 and \$50,000. (Transcript, 7/18/94, p. 56) At some point between October and December 1985, the Soviets told him he would be paid an additional \$2 million, above and beyond the recurring cash payments. He was advised that the Soviets would hold the money for him. Ames has said he did not solicit this money and never made any additional request for money beyond his first meeting, but that the KGB promise of \$2 million "sealed his cooperation." (Transcript, 7/18/94, p. 55)

Ames maintained several local bank accounts in his name, as well as in his new wife's name, where he would regularly deposit the cash he received from the Soviets. When Ames received a payment from the KGB, he generally broke it down into smaller cash deposits—in increments under \$10,000—in order to avoid bank reporting requirements which might have led to inquiries by banking regulators.

Sometime after his marriage to Rosario, Ames developed a cover story to explain his increased wealth in order to hide the true source of the funds. His coworkers recalled that Ames did not dispel the notion that Rosario came from a wealthy and established family in Columbia. Ames explained to several colleagues that Rosario had a share of the inheritance and the family business, which continued to generate substantial revenue. Ames claims that he did not express this in the presence of Rosario or close friends since they would know that this was untrue. However, at least one colleague recalls Rosario being present during conversations in Rome when Ames discussed Rosario's family wealth. (CIA Employee Interview, 4/15/94)

### *Personal and professional developments*

In addition to initiating his relationship with the KGB, Ames's personal life and CIA career also changed during this period. On 1 August 1985, Ames was given final approval for his divorce from his first wife. On 10 August he married Maria de Rosario Casas Depuy in the Unitarian Church in Arlington, Virginia. (CIA IG report, p. 65)

At the same time Ames's personal life was taking a new course, there was a significant development in his professional responsibilities. On August 1, 1985, Vitaly Yurchenko, a colonel in the KGB, defected to the United States, and Ames was selected as one of three CIA officers to conduct the debriefings of Yurchenko.

Yurchenko was considered one of the most important Soviet defectors in the CIA's history and provided a wealth of information regarding KGB operations targeted against the United States (including the information which led to the identification of Edward Lee Howard, as explained above).

In all, Ames debriefed Yurchenko on 20 occasions during August and September 1985. (CIA IG report, p. 258) At times he was left alone with Yurchenko. But there is nothing on the record to indicate either that Yurchenko was aware of Ames's relationship with the KGB or that Ames communicated this information to Yurchenko. Ames does admit to advising his KGB contacts at the Soviet Embassy of everything Yurchenko was providing in his debriefings. (FBI debriefings of Aldrich Ames)

During the course of these debriefings, Ames took Rosario to the safe house where Yurchenko was staying, again violating CIA regulations. While the Chief, SE Division was upset by this, it does not appear to have prompted any official action. (CIA IG report, p. 257)

In October 1985, Ames left the debriefing effort to begin full-time language training for a new assignment in Rome. During this training, as previously noted, Ames continued to meet with Soviet Embassy official Chuvakhin. Ames had requested assignment in Rome in 1984, but this request was not approved until July 1985, after Ames had begun his espionage activities. While the new assignment did not offer the same level of access to CIA operations as his job in the SE Division, Ames said the KGB never suggested that he attempt to change it. (Ibid.)

In early November 1985, shortly after Ames had begun language training, Yurchenko had a change of heart and turned himself in at the Soviet Embassy in Washington. He was soon on his way back to Moscow. There is no evidence that Ames played any direct role in this episode.

### *1986 polygraph examination*

At the conclusion of language training and prior to departing for Rome, Ames was required to take a routine polygraph examination on May 2, 1986. This was his first polygraph since 1976. Ames would subsequently state that he might not have made the decision to commit espionage in April of 1985 if he had known that he was going to be polygraphed the next year. Ames recalls being "very anxious and tremendously worried" when he was informed that he was scheduled for a polygraph exam in May of 1986, one year after he had begun his espionage activity for the KGB. (CIA IG report, p. 70)

Ames was tested on a series of issues having to do with unauthorized contacts with a foreign intelligence service, unauthorized disclosure of classified information, and financial irresponsibility.

Ames gave consistently deceptive responses to issues related to whether he had been "pitched" (i.e. asked to work for) by a foreign intelligence service. The CIA examiner noted Ames's reaction to the "pitch" issue—but apparently detected no reaction to the other counterintelligence issues covered by the test. (SSCI Staff memo 5/6/94, SSCI #94-1971) When Ames was asked about his reaction during the session, he explained that he was indeed sensitive to the "pitch" issue because, he stated, "we know that the Soviets are

out there somewhere, and we are worried about that.” (CIA IG report pp. 171–172)

Next the CIA examiner asked a follow-on series of questions relating to the “pitch” issue, in order to ascertain why Ames had appeared to give a deceptive response. Ames responded that since he had worked in CIA’s Soviet and Eastern Europe (SE) Division, he had been involved in pitches to potential assets. Also, he hypothesized that he might be known to the Soviets because of a recent defector. He further stated that he thought he might be reacting because he was preparing to go to Rome in July 1986, and had some concerns that he might be pitched there. (SSCI Staff memo 5/6/94, SSCI #94–1971) From this, the polygrapher surmised that Ames had gotten his concerns off his chest, and there was nothing more to tell. Once again, the polygrapher went through the CI questions on the polygraph machine, focusing on the pitch issue. This time, the CIA examiner deemed Ames truthful and concluded the examination characterizing Ames as “bright [and] direct”. The examiner’s supervisors concurred with the assessment that Ames was non-deceptive. (CIA IG Report, pp. 172–173)

According to the FBI, which examined Ames’s polygraph charts in June 1993, the deception indicated in Ames’s response to the pitch issue in 1986 was never resolved, even though the CIA examiner passed Ames on this exam. (SSCI Staff memo 5/6/94, SSCI #94–1971) Also in the opinion of the FBI, significant deceptive responses by Ames were detectable to questions dealing with unauthorized disclosure of classified material. No additional testing or explanations for these deceptive responses, however, were noted in Ames’s polygraph file. (CIA IG report, p. 175)

## 2. JULY 1986–JULY 1989

### *Ames’s Rome assignment*

Ames’s managers generally judged his performance in the SE Division as successful, yet in order to advance as an operations officer, Ames needed overseas experience.

According to the CIA IG report, Ames’s supervisor had recommended a Rome assignment to him. Ames applied for a position in Rome dealing with Soviet operations, and in July 1985, was approved for the job. (CIA IG report, p. 259). Ironically, the European Division Chief who approved Ames’s assignment was one of the senior officers who, when stationed in Ankara in 1972 as Ames’s supervisor, recommended that Ames was better suited to work at headquarters because of his poor performance. (Ibid.)

A message from CIA headquarters to Rome, advising of Ames’s forthcoming assignment there, described him as “highly regarded by SE Division management. . . .”, but a senior SE Division officer who knew Ames told the CIA IG that his transfer overseas was seen as a good way to move a weak performer out of headquarters. (Ibid.)

### *Ames’s access to information*

After completing Italian language training, Ames, accompanied by Rosario, arrived in Rome in July 1986, where he began his assignment as chief of a branch which, among other things, dealt

with Soviet operations. (Transcript, 7/18/94, p. 37) As a branch chief, Ames had access to the true identities of CIA agents, the details of planned agent meetings, and copies of the intelligence reports produced by these agents. He participated in weekly staff meetings where intelligence assets and potential asset recruitments were discussed. He coordinated double agent operations of the U.S. military services and received sensitive intelligence reports about worldwide events. (CIA Employee Interview, 3/1/94).

Ames provided whatever he felt was important to the Soviets. Ames has stated that he routinely carried shopping bags full of classified documents out of the office. (Transcript, 6/28/94, p. 71, CIA IG report.) After Ames's arrest, the FBI was able to confirm that during his tour in Rome, Ames also received and responded to specific tasking by the KGB about past CIA penetrations of the Soviet intelligence services. In recent debriefings, Ames also admitted to providing extensive data to the KGB on the identities of Soviet and Eastern European officials who were cooperating with the CIA. (Statement of Facts, p. 11)

While Ames had ready access to considerable information of interest to the Soviets, some of Ames's colleagues in Rome stated in FBI interviews that he frequently showed interest in areas unrelated to his immediate area of responsibility. Unfortunately, none of those colleagues ever made this a matter for the record. One officer told FBI investigators that Ames was always asking a lot of questions, saying he was keeping abreast of intelligence information (CIA Employee Interview, 3/1/94) Other former colleagues in Rome reported that near the end of Ames's tour, he often asked questions about cases which had no relation to his past or current post.

#### *Ames's meetings with Soviets*

Early in his tour in Rome, Ames began meeting and initially reporting on his contacts with Aleksey Khrenkov, his new Soviet intermediary. (CIA IG report, p. 63) Code-named "Sam II," this official, a Soviet Ministry of Foreign Affairs officer employed at the Soviet Embassy in Rome, served as the liaison between Ames and the KGB.

Ames's meetings with Khrenkov were widely known and accepted within Ames's office, but his supervisors and co-workers assumed he was meeting with Khrenkov to develop him as an intelligence source. Initially Ames informed his superiors in Rome and at CIA Headquarters that the relationship between him and Khrenkov was evolving, and could lead perhaps to a recruitment. (Transcript, 6/28/94, p. 72) At the same time, Ames downplayed the potential of this operation. According to the IG report, Ames attempted to dampen his superiors' enthusiasm for the case by explaining Khrenkov was of limited operational value. (CIA IG report, p. 261)

Nonetheless, this operational guise gave Ames the cover to meet overtly with Khrenkov. It was during these meetings that Ames would turn over classified documents and receive new instructions. Ames failed to submit reports documenting many of these meetings, as required by CIA regulations, and his supervisors do not appear to have closely monitored this relationship.

Some of Ames's colleagues in Rome began to suspect that Ames was not reporting all of his meetings with the Russians. According to the CIA IG report, Ames's supervisor was aware that Ames was in contact with a Soviet embassy officer, but apparently did not query him about the relationship or ensure that he was documenting all of his contacts. One of Ames's subordinates in Rome told the FBI after Ames's arrest that she had suspected Ames was not fully documenting the relationship between himself and the Soviet official. In fact, she had searched the office data base to see whether Ames was reporting all of his contacts. Although she concluded that he was not, she did not notify any senior manager. (CIA IG Report, p. 260-261)

### *KGB meetings and payments*

In addition to his regular meetings with his Soviet embassy contact "Sam II", Ames met three times in Rome with a KGB official from Moscow, whom he called "Vlad", whom he had previously met in Bogota, Colombia in December 1985. (CIA IG report, p. 63) "Vlad" would travel to Rome for the meeting. "Sam II" would pick up Ames in his car, and drive him into a Soviet compound for an evening rendezvous. Ames has said he used a light disguise for these car rides, pulling a hat over much of his face, and crouching low in the car when they drove through the streets of Rome and into the Soviet compound gates.

During these meetings in the Soviet compound, which took place without the knowledge of U.S. officials, Ames and "Vlad" would typically talk for three to four hours about the information Ames provided, and future meeting plans. Then Ames would be driven out of the compound. (Transcript, 7/18/94, p. 85-89) Ames has claimed that he often drank heavily before and during these meetings.

At most of his meetings with "Sam" and "Vlad", Ames received cash payments that typically varied from \$20,000 to \$50,000 per meeting. (Transcript, 7/18/94, p. 90) In order to handle this large influx of cash, Ames opened two bank accounts in Credit Suisse Bank in Zurich—one in his name, and one in the name of his mother-in-law. In the latter account, Ames was listed as the primary trustee. (Indictment papers p. 19) Many of his cash deposits in these accounts were in large amounts—for example, one deposit was for over \$300,000. (Transcript, 7/18/94, p. 91) The CIA investigation later determined that Ames deposited a total of at least \$950,000 into the Swiss bank accounts while he served in Rome.

In order to discourage undue scrutiny of his finances by banking officials, Ames avoided frequent or high-dollar electronic bank transfers from Rome into his Swiss bank accounts, instead traveling to Switzerland on several occasions with large amounts of cash which he deposited directly into his accounts. Some of these trips were made without the knowledge of his CIA superiors, in violation of regulations requiring that all overseas personal or business travel by CIA employees be approved by CIA officials. (Transcript, 7/18/94, p. 91)

Aldrich and Rosario Ames also spent a considerable amount of his KGB earnings while in Italy. Recent debriefings of officers who served with him indicate there was a general awareness among his

co-workers that Ames was affluent. One officer has described Ames's spending as "blatantly excessive," and stated that everyone knew and talked about it. (CIA Employee Interview, 3/17/94) Many of his colleagues were aware that Ames and his wife took numerous personal trips throughout Europe—to Switzerland, London and Germany. One colleague knew that the Ameses had telephone bills totaling \$5,000 monthly. In fact, according to the CIA IG report, the Rome security officer brought Ames's spending and drinking habits to the attention of the senior CIA officer in Rome, but the perception that Ames had created—that Rosario came from a wealthy family—seemed to diffuse any security concern over the Ames's extravagant spending habits. (CIA IG report, p. 265) No mention of these issues was included in Ames's personnel or security file.

### *Ames's professional record in Rome*

Ames's job performance in Rome was mediocre to poor. Of the four job performance evaluations Ames received during his Rome tour, the first two commented positively on Ames's personnel management skills, but noted he needed to do more work in developing new leads. In his second evaluation, Ames's supervisor wrote, "He handles no ongoing cases; his efforts to initiate new developmental activity of any consequence have been desultory.." (CIA IG report, p. 266) This was an extremely critical evaluation of an operations officer. The last performance appraisal in Rome, written by a different supervisor, noted Ames's performance was inconsistent and that "his full potential has not been realized here in Rome." (CIA IG report, p. 266) One of Ames's senior managers recently commented that he felt Ames had been a "terminal GS-14" and a lackluster, "middleweight" case officer. (CIA Employee Interview, 3/30/94)

As in previous tours, Ames was persistently late in filing financial accountings of his official expenditures. According to the CIA IG report, Ames blames this on sheer procrastination on his part. (CIA IG report, p. 45) This problem was widely known among Ames's supervisors. In fact, Ames's supervisor in Rome confronted him with this problem, leading Ames to close out his account and use his personal funds to pay for job-related expenditures. He submitted his expenses for reimbursement, but Ames's new supervisor in Rome made him reopen his operational account. (Ibid.)

Ames's job performance was further marred by his alcohol dependency, which resurfaced in Rome and was well known within the office. Once again, however, there was no official record made of his drinking problems. In post-arrest debriefings, former Ames's colleagues stated that Ames would go out for long lunches and return to the office too drunk to work. One of his Rome supervisors recalled that Ames was drunk about three times a week between 1986 and 1988. (CIA IG report, p. 51) Another colleague commented that in 1987 Ames was very upset when he failed to get promoted, and he began to drink even more heavily. (CIA Employee Interview, 3/1/94) One of Ames's supervisors reportedly once described Ames to a colleague as "one of the worst drunks in the outfit." (CIA Employee Interview, 3/20/94)

On at least two occasions, Ames's alcohol problem came directly to the attention of his supervisors. In the first instance, Ames returned from a meeting with "Sam II" unable to write a message for transmission to Washington, as directed by his supervisors. On the second occasion, Ames became drunk at an embassy reception in 1987. He got into a loud argument with a guest, left the reception, passed out on the street, and woke up the next day in a local hospital. (CIA Employee Interview, 3/30/94) (Transcript, 7/18/94, p. 94)

Ames's supervisor orally reprimanded him for this latter incident. According to the CIA IG report, Ames recalls that his boss came to his office after the incident, and "in an almost sheepish way" attempted to counsel him. The official recalled that he warned Ames another such incident would result in his being sent back to Washington. (CIA IG report, p. 261) But no official action was taken as a result of the incident.

Ames's drinking apparently took a person toll as well. According to the CIA IG report, Rosario Ames told FBI debriefers that alcohol was partly to blame for damaging her marriage to Rick. She said her marriage had fallen to pieces during their Rome tour, and they had numerous fights. (CIA IG report, p. 56)

#### *Conclusion of Ames's Tour in Rome*

Although Ames's performance had been mediocre at best and his alcohol abuse well known, Ames's superiors extended his two-year assignment in Rome for another year. CIA headquarters officials approved the extension to July 1989.

Near the end of his Rome assignment, between May and July 1989, the KGB provided Ames with two documents which were later retrieved during the FBI investigation into Ames's activities. The first was a financial accounting which indicated that the KGB had provided Ames by that time with approximately \$1.8 million dollars, and that \$900,000 more had been set aside in his name in Moscow. CIA officials have since speculated that the KGB probably provided this influx of funds to motivate Ames to continue spying for them after he returned to Washington.

The second document was a nine-page letter which showed that Ames would be given another \$300,000 in two meetings prior to his departure from Rome. The letter also listed KGB questions for Ames to answer once he returned to headquarters from his Rome assignment. The KGB's top priority was "information about the Soviet agents of CIA and other (security services) of your country." Other priorities included information about double agent operations and leads on possible recruits for the KGB within the CIA. (Statement of Facts, Legal documents, p. 4) This document also included a new communications plan for Ames's use when he returned to Washington, D.C. Known as an "impersonal" communications plan, the new guidelines were established to increase the security of Ames's communications with the KGB. They proposed dates in the coming year for Ames to pass documents and receive money through impersonal clandestine communication sites, also known as "dead drops".

The new communications plan also called for Ames to meet with his senior KGB officer at least once yearly outside of the United States. Meetings were planned for Bogota, Colombia on the first

Tuesday of every December, with additional meeting sites, such as Vienna, Austria, listed as alternative sites if needed. (Statement of Facts, p. 4)

On July 20, 1989 Aldrich and Rosario Ames returned to Washington, D.C. from Rome.

### *Compromises confirmed*

By the fall of 1986, as Ames was beginning his tour in Rome, CIA officials had learned of numerous additional intelligence sources who had been arrested or executed. The magnitude of the disaster was apparent. In the words of one CIA officer: "There was a huge problem, (a perception) shared all the way up to the top of the Agency, including Mr. Casey." (Transcript, 6/28/94, p. 30)

According to the CIA IG report, Agency officials now knew that as many as 30 CIA and FBI Soviet operations had been compromised or had developed problems between 1985 and 1986. (Each case represented an individual who was providing useful information, but who may or may not have been a fully recruited individual).

After his arrest, Ames acknowledged that he informed the Soviets about approximately ten top-level cases as part of the information he passed on June 13, 1985. Overall, Ames has acknowledged providing the Soviets with information on over a hundred Soviet and East European cases during his espionage. In addition, Ames had access to several hundred other Soviet and East European Operational endeavors that he may have passed to the Soviets, but he says he is unable to remember specifics. (CIA IG report, p. 75, 76)

Even in the fall of 1986, the damage to CIA's Soviet program was seen as immeasurable. In November 1986, the chief of the Soviet Counterintelligence Group in the SE Division wrote a memorandum to his senior management outlining his concerns. The memo described "45 Soviet and East European cases and two technical operations that were known to have been compromised or were evidencing problems." Further, in a January 22, 1987 memo to CIA managers, he added, "It seems clear, if only from the statistics, that we have suffered very serious losses recently and that not all these compromises can be attributed to (Edward Lee) Howard. In fact I am not aware of any soviet case we have left this is producing anything worthwhile." It is not clear whether and to what extent either of these memoranda was sent outside SE Division.

Even though the magnitude of the losses was clear, CIA's initial responses (as described earlier in the report) were limited to reviewing the compromised cases, examining the possibility of a technical penetration, and tightening the compartmentation of ongoing Soviet cases within the SE Division.

It was not until October 1986, that CIA management took its first significant step to resolve the 1985 compromises. The Chief of the Counterintelligence Staff named a four-person analytical group known as the "Special Task force" (STF) within the counterintelligence staff of the Directorate of Operations. Two of the team members were experienced Soviet operations officers who also had significant counterintelligence experience. The remaining two team

members were annuitants, who were retired operations and counterintelligence specialists, one of which had significant Soviet operations experience. (CIA IG Report, p. 89) The Senior CIA managers who ordered the creation of the Special Task force did not require that the team include individuals trained in investigative techniques or financial reviews. Rather they were looking for seasoned officers who had operational or counterintelligence experience, and who understood the directorate of Operations. (Ibid.) According to the CIA IG report, there was a commonly held belief, apparently shared by successive Deputy Directors for Operations, that a small team was preferable because it reduced the chance that a potential "mole" would be alerted to the investigation. (CIA IG Report, p. 228)

The STF was tasked to look at all the cases known to be compromised and to identify any commonalities among them (Ames chronology, 94-3009, p. 4). Some of the questions the Task Force considered were:

What CIA offices had been involved in the compromised cases, or had known about them?

Within these offices, which CIA employees had access to the information?

How many of the compromises could be accounted for by the Edward Lee Howard betrayal and, of those remaining, how many could be explained by other factors, such as poor operational procedures by CIA officers? (Transcript, 6/16/94, pp. 23-24; Transcript, 7/18/94, p. 109)

The Task force analyzed all of the compromised cases, searching for patterns or other indicators which could shed light on the catastrophe. The CIA IG report indicates, however, that the STF did not create a formal list of suspects who had access to the compromised information and did not initiate investigations of specific individuals who were considered likely suspects. (CIA IG report, p. 90) The IG report also notes that the team did not conduct a comprehensive analysis of cases that had *not* been compromised, which might have shed light on the similarities among those cases that had been compromised. (CIA IG Report, p. 95) According to the then Chief of Counterintelligence in the SE Division, CIA management was supportive of the special task force review, but did not apply pressure on them or attach undue urgency to the investigation:)

People ask me whether (my supervisors) bugged me about it (the investigation). I said, no, they didn't bug me about it because they don't call up their doctor every five minutes and say, do I have cancer. But we kept them informed. I mean, they did not put a lot of pressure on us, but they encouraged us . . . The problem was that we didn't make progress in it and we didn't get any answers. (Transcript, 6/28/1994, pp. 28, 31)

In October 1986, the same month the CIA established the Special Task Force, the CIA and FBI learned that two Soviet sources who had worked closely with the FBI had been arrested, and were about to be executed. The FBI responded by creating its own six-person analytical team known as the "ANLACE Task Force" which

worked full-time to analyze the compromise of its two sources. (Transcript, 6/16/94, p. 31)

### *CIA and FBI cooperation*

The CIA and the FBI task forces shared some information informally, and in December 1986, held the first of eight "off-site" conferences (conducted between 1986-1988) to discuss the compromised intelligence sources. (Ames chronology, 94-3009, p. 4) The CIA briefed the FBI regarding the compromises it was aware of, and the FBI in turn provided briefings on a series of investigative leads it had received in the mid-1970s, but could not resolve, which related to possible penetrations of the CIA. The FBI believed these old leads might hold the key to the 1985-86 compromises. (Transcript, 7/18/94, pp. 129-130) The December 1986 "off-site" meeting with the FBI prompted at least one CIA participant to raise concerns to the Chief of the CIA's SE Division about the FBI's inquisitiveness regarding CIA organization and activities. Pointing out that the FBI had disclosed its own "dirty linen" at this meeting, the CIA participant wrote "a conscious decision has to be made here concerning the degree to which we are going to cooperate with, the open ourselves up to, the FBI . . ." (Memo, included in minutes of task force meetings, 1/7/87, 94-2455)

In general, throughout the 1986-1988 period when the joint agency meetings were held, the CIA gave the FBI information pertinent to its cases and gave detailed summaries of its own compromises as it learned of them. On the other hand, the CIA did not give the FBI open access to its operational files. It was explained to the Committee that this had been standard operating procedure between the two agencies where there was no information indicating a specific human penetration of the CIA. (Transcript, 6/28/94, p. 19)

Indeed, in opening the second joint meeting between the CIA and the FBI in March 1987, the head of the CIA's counterintelligence staff praised the cooperation between FBI and CIA officials and noted that "the concept of SE Division, Office of Security, CI Staff, and the FBI working together is something previously unheard of." (Included in minutes of task force meetings, 3/27/87). The IG report on Ames also concluded that, while the CIA and FBI had experienced problems in dealing together in the past, the Ames case was an exception. It stated, "All-in-all, coordination between CIA and the Bureau on the Ames case was exemplary." (CIA IG report, p. 219)

### *The Lonetree case*

In late December 1986, several months after the CIA and FBI had created their respective task forces, a Marine security guard at the U.S. Embassy in Vienna, Austria, Clayton Lonetree, confessed to a CIA officer that while previously serving at the U.S. Embassy in Moscow, he had had a relationship with the KGB. In February 1987, in the course of the ensuing espionage investigation by the Naval Investigative Service, a Marine guard who had served with Lonetree, Corporal Arnold Bracey, told investigators that Lonetree had told him that he (Lonetree) had let the KGB into the U.S. Embassy in Moscow. (Transcript, 6/16/94, pp. 24-25)

This information had an immediate and dramatic impact upon the Special Task Force at the CIA. Task Force members hypothesized that had KGB officials been able to enter the U.S. Embassy in Moscow, they may have been able to obtain access to CIA operational records maintained there. The Task Force (and many other U.S. Government elements) spent several months trying to determine whether such an entry had occurred, and whether the KGB had gained access to CIA records.

In the meantime, Bracey had recanted his earlier statement to investigators, and Lonetree, in debriefings following his criminal conviction, denied he had ever allowed the KGB into the Embassy—an assertion confirmed by polygraph examinations. By the end of August 1987, most of the Special Task Force was persuaded that the Lonetree case was a “dry hole” in terms of explaining the 1985–86 Soviet compromises. (Transcript, 6/16/94, pp. 24–26) The CIA IG Report on Ames indicates that while the STF was able to rule out Lonetree as the cause of the compromises, the possibility of a human penetration remained. According to the head of the team, the STF was forced to go “back to square one”. The “mole hunt” was not renewed until 1991. (CIA IG Report, p. 94).

Ames, then serving in Rome, saw the Lonetree case as a fortuitous development. In September 1987, Ames wrote a message to the KGB on his personal home computer speculating that Clayton Lonetree would divert attention from his own case.

#### *KGB efforts to divert attention from Ames*

Beginning in October 1985 and continuing sporadically over the next several years, the KGB undertook a concerted effort to make the CIA and the FBI believe that the sources compromised by Ames were either still alive and well or had been lost because of problems unrelated to a human penetration of the CIA.

According to testimony of CIA officials, over time these efforts took several forms:

- The KGB appears to have made a conscious effort to spread the word inside the KGB that Howard was principally to blame for the sudden compromises;
- The KGB deliberately gave misinformation to sources, whom they knew from Ames were working for the CIA, to explain why other sources had previously been arrested. Subsequently, the sources who passed this misinformation were themselves arrested;
- The KGB used those sources, already compromised by Ames and under arrest, in various operational schemes to make it look as if the individuals were alive and well. For instance, one compromised source under Soviet arrest contacted an individual in the United States, in an effort to lead the FBI to believe that he was having no security problems; and
- The KGB had Soviet officials pass information in contacts with CIA officers which suggested that some of the previous compromises had resulted from poor tradecraft or from personal shortcomings on the part of CIA employees.

For the officers in the CIA and FBI task forces, each of these ploys had to be evaluated on its own merits. Some were viewed with skepticism by the CIA at the outset; others appeared more

plausible and required additional time to evaluate. Some proved unverifiable altogether, their significance becoming clear only with the hindsight provided by Ames's arrest. As these ploys were occurring, CIA counterintelligence staff realized that something unusual was taking place, but did not know precisely what these diversionary ploys meant. The recognition that these diversionary tactics could be part of a pattern of KGB behavior developed as early as late 1986.

Minutes of the off-site meetings between the FBI ANLACE Task Force and the CIA Special Task Force document that the two agencies shared information about these ploys, and, indeed, that the two taskforces expended considerable energy attempting to resolve the discrepancies during the 1986–1990 time period. Yet it does not appear from the record that even when investigators saw a ploy as a ploy—a phony effort to mislead the CIA—did they move any closer to concluding that the KGB was trying to divert attention from a human penetration of the CIA.

#### *A related counterintelligence investigation*

At about the same time, the CIA and FBI task forces also concerned themselves with the progress being made in a separate but possible related counterintelligence investigation. CIA had received vague information, believed to be reliable, which appeared to suggest that the KGB might have been able to penetrate a particular office of the CIA which did not have access to the Soviet operations known to have been compromised. The CIA hypothesized, however, that if a penetration had occurred, the person working there might later have moved into a position with such access. The ensuing investigation consumed considerable attention and resources within the CIA, and the minutes of the meetings of the CIA and FBI task forces reflect that the task forces regularly reviewed its progress. (Transcript, 7/18/94, pp. 125–126)

The case remained unresolved, however, and in 1990, became a serious distraction at a crucial juncture in the inquiry involving Ames.

#### *CIA and FBI attempt to identify new sources*

In September 1987, at about the time the CIA Special Task Force had begun to conclude that the Lonetree case could not explain the earlier compromises, the FBI ANLACE Task Force concluded that it could go no further with its own analysis. While it believed that Edward Lee Howard could have been the source for one of its two compromised operations, it found no explanation for the compromise of the other source. (Transcript, 7/18/94, p. 33)

In May 1987, a joint meeting was held to discuss progress on solving the mystery of the compromises. In an effort to develop new leads, CIA and FBI officers agreed to launch a new initiative to recruit Soviet intelligence officers who could shed some light on the problem. The two agencies would attempt to identify Soviet intelligence officers worldwide who might currently be, or may formerly have been, in positions that gave them access to information regarding the 1985–86 compromises. It was recognized that such information might well come only at a high price. (Ibid., pp. 33–34) (IG Report, p. 94)

This recruitment initiative, began in 1987, continued until the time of Ames's arrest in 1994. Despite repeated efforts to develop sources, the program succeeded in producing relatively marginal results over the period of its existence. (Transcript, 7/18/94, pp. 101-103) Meanwhile, the news on the 1985-86 compromises worsened when, towards the end of 1987, the CIA learned that three additional Soviet sources, all recruited before 1985, had been arrested, and that one had been executed. (Ames Chronology, 94-3009, pp. 4-5)

### *Investigative developments in 1988 and 1989*

In February 1988, yet another joint conference was held between the FBI and the CIA task forces. Minutes of the meeting indicate that while the task forces had concluded that Lonetree in all likelihood had not allowed the Soviets to enter the U.S. Embassy in Moscow, the conferees remained focused on the possibility that a technical penetration of the Embassy could explain the majority of the earlier compromises. It is also clear from the minutes that the joint meetings of the CIA and FBI task forces now covered a wide range of counterintelligence topics, not all of which related to the 1985-86 compromises. A representative of the CIA Special Task Force did note a continuing effort to analyze Soviet operations by computer to determine the reason for the 1985-86 compromises, but little tangible progress was cited.

In the spring of 1988, CIA opened an investigation of an SE Division employee who had access to some, though not all, of the compromised cases. The employee had made numerous damaging admissions during the course of previous polygraph examinations (none relating to security issues *per se*), and had difficulty generally getting through routine polygraph examinations over the course of his CIA employment. Relying upon a 1988 tip from a CIA employee that this officer was spending large amounts of money at a level not explained by his salary, the CIA Office of Security (OS) opened a financial investigation of the individual. While the investigator determined that the employee had, indeed, spent far in excess of his salary, the employee was able to demonstrate that the money had come from a spouse's inheritance. The CIA decided to remove this individual from access to sensitive operations. This year-long investigation, which proved to be unrelated to the 1985-86 compromises, had significantly diverted the sole investigator assigned to the compromised cases. (Minutes of February 2, 1988 meeting, 94-2455, and Transcript, 7/18/94, pp. 106-108)

The staff of the Special Task Force was also diverted during this period by the effort required to create a new coordinating office for counterintelligence. Announced on April 1, 1988 by DCI William Webster, a new DCI Counterintelligence Center (CIC) was established to improve the planning, coordination, management, and effectiveness of counterintelligence (CI) activities within the CIA and the Intelligence Community. Centralized management of CI issues was considered essential to provide clear focus and direction to fragmented internal CIA efforts and provide a CIA focal point for dealing with other U.S. departments, agencies, and foreign liaison services regarding CI matters. (CIA IG Report, p. 23)

As part of the reorganization of counterintelligence into the CIC, the CIA Special Task Force looking into the 1985-86 compromises, which had been part of the CI Staff of the Directorate of Operations, was subsumed within a new Investigations Branch of the Security Group within the Counterintelligence Center. This branch had responsibility for all cases involving possible human penetrations of the CIA. The Deputy Chief of the Security Group and, concurrently, head of the new Investigations Branch, was the same CIA officer who had previously been in charge of the Special Task Force. (Ames chronology, p. 5, 94-3009)

In June 1988—three years after Ames's most damaging disclosures to the KGB—the KGB instituted the most elaborate of its ploys to direct attention away from Ames. The KGB had one of its officers pass information to the CIA concerning five of the cases Ames had compromised. In essence, the information suggested that each of the cases had been compromised due to poor tradecraft on the part of either the sources itself or the CIA officers involved. While the opinion of CIA officers varied as to whether the new information was genuine, it clearly created a stir and required time-consuming analysis over the next two years. (Transcript, 7/18/94, pp. 103-105) (For the denouement of this episode, see below.)

Recognition of this diversionary tactic also appears to have motivated a briefing of Deputy DCI Robert Gates on the compromises of 1985-86 by the head of the Investigations Branch on July 1, 1988. (CIA IG report, p. 308)

When the CIA-FBI task forces met again on 20 July 1988, the minutes reflected that "not much has transpired" due primarily to the efforts required in setting up the new Counterintelligence Center. But the minutes did include a more detailed status report on where the investigative effort stood than had previous records of such meetings. The minutes indicate the CIA had concluded (in mid-1988) that 16 recruited assets had been compromised in the 1985-1986 period. The memo noted that the CIA had concluded that Edward Lee Howard had certain knowledge of only three of the cases, and potentially might have known details about seven others. That left cases that he could not have known anything about. The minutes reflected that the CIA had been interviewing all employees with access to the compromised cases, and "some . . . appear more or less likely to be possible suspects." In any event, the minutes reflected that "the conference was concluded with the note that something had happened, of either a human or technical nature, which caused the KGB to take action not only against newer sources but also against others who had been under investigation (by the KGB) for a long time." (Minutes of July 20, 1988 meeting, 94-2455).

On October 13, 1988, the CIA and FBI task forces held another meeting to discuss the compromises. The minutes of this meeting (which recite for the most part only the results of the meeting) reflected that the purpose of the meeting had been to review the results of the one or more investigations into leads that might explain the compromises.

At this meeting, officials discussed the progress of the related counterintelligence investigation, described above, which was attempting to ascertain whether the KGB had been able to penetrate

a particular office of the CIA. The investigator assigned to the case reported that he had thus far reviewed the access of 90 employees assigned to the office in question. While reporting the investigation had produced 10 suspects, the investigator noted "there are so many problem personalities . . . that no one stands out."

According to the minutes of the meeting, it was reported that none of the 10 suspects could be connected at that point to the 1985-86 compromises. It was clear, however, that this investigation was occupying a large proportion of the investigative effort allocated to the compromises at that time. The lone investigator involved was at the same time the only investigator assigned to the investigations of the compromises.

The record reflects no significant development from the standpoint of the investigation from December 1988, until the return of Ames from Rome in September 1989.

### 3. AUGUST 1989-FEBRUARY 1994

#### *Ames career progression at the CIA*

Despite his mediocre to poor performance in Rome, and the evidence of flagrant alcohol abuse, Ames returned to CIA headquarters in September 1989, to fill a position in the SE Division.

The IG report notes that according to one officer, the Chief of the SE Division had strong negative feelings about Ames's return. One individual recalls that when a personnel placement board met to discuss the assignments for numerous officers in the summer of 1989, including Ames's request to serve in the SE Division, the Chief of SE Division advised the senior personnel officer that he did not want Ames in his Division, he would not have him, and the personnel officer was to get rid of him. (CIA IG report, p. 269) Despite the negative reaction by the SE Division Chief, however, Ames managed to be assigned to Chief of the Western Europe branch of the division. According to the IG report, no one recalls how this occurred. Ames served in this position for three months. (Transcript, 7/18/94, p. 118) During this period he was exposed to virtually all SE Division operations in this region, and was in a position to compromise numerous operations involving Soviets or Eastern Europeans who traveled to, or lived in, Western Europe. (Transcripts, 6/28/94, p. 75) Ames later remarked that this position should have been one of the last places he should have been assigned to if the CIA had suspicions about him. (CIA IG report, p. 272)

Because the SE Division was reorganizing, Ames served only a short time as the Western European Branch Chief, and instead was made Chief, Czechoslovakia Operations Branch. (Ames served in this position from December 1989 until August 1990.)

With the collapse of the Communist government in Czechoslovakia, however, Ames found his new assignment too mundane, and, sometime after December 1989, approached his supervisors saying he wanted to return to a position where he could handle sensitive Soviet cases again. His supervisor subsequently stated that he thought Ames approach was "brazen," and advised Ames he would get back to him. The supervisor never did. In fact, the

postarrest investigation found that Ames tried several times to improve his access to CIA's most sensitive Soviet cases. For example, soon after his return from Rome he advised his management that he would be willing to create a special analysis group which would look at all CIA Soviet cases from a counterintelligence perspective. Ames also approached another supervisor and stated his desire to become the Deputy Chief of Station in Moscow, (CIA Employee Interview, 3/2/94)—a position Ames characterized as a "fitting finale" to his career. (Ibid.)

In October 1990, Ames was reassigned to the Counterintelligence Center Analysis Group. According to the IG report, the Chief of the SE Division wanted Ames out of the division, both because of the security concerns that had been raised about him and because of his poor performance. He thus selected another officer to fill Ames's position as Chief of the Czechoslovakia Branch, forcing Ames to find a position elsewhere. (CIA IG report, pp. 277-279)

Before Ames left the Czechoslovakia Branch, however, he was appointed to a promotion panel for all GS-12 operations officers of the Directorate of Operations, thus giving him access to the identities and personnel records of all GS-12 operations officers of the Directorate of Operations. (Ibid., p. 278)

Following service on the promotion panel, Ames located a position in the Counterintelligence Center (CIC). Although the Chief of the CIC and the Chief of the Analysis Group were aware of the security concerns related to Ames as well as his poor performance record, the Analysis Group was in need of a case officer from the Directorate of Operations. The head of the Analysis Group was told in vague terms by the Deputy Chief of CIC of the general suspicions regarding Ames's trustworthiness but believed Ames's assignment was "manageable." (Ibid., pp. 279-280)

Ames remained in this position for almost a year, until August 1991. As part of this assignment Ames had access to extremely sensitive data, including data on U.S. double agent operations, i.e. cases involving controlled U.S. agents who had ostensibly been recruited by foreign intelligence services. (Ibid., pp. 329-332)

In September 1991, despite having been effectively forced out of the SE Division a year earlier, Ames managed to obtain the approval of the same Division Chief to be Chief of a KGB Working Group in the SE Division. While this position did not entail access to ongoing operations, it did give Ames access once again to SE Division personnel and records. (Ibid., pp. 290-292)

Ames's return to the SE Division lasted for only three months. He was reassigned in December 1991 to the CIA's Counternarcotics Center (CNC) where he remained until his arrest February 1994. This appears to have been the first assignment Ames was given that took into account the security concerns that had been raised about him. However, Ames's supervisors in the CNC were not made aware that he was the subject of a counterintelligence investigation until shortly before the FBI opened an intensive investigation on him. (Ibid., p. 297)

According to the CIA IG report, even after the special task force involved in the "mole hunt" had firm information implicating Ames, no conscious effort was made to limit his access to classified

information while he was in CNC. Further, no direction was provided to CNC management in this regard by anyone and none was sought. For example, CIA officials did not take any specific precautions to minimize Ames's computer access to information within the scope of his official duties. (Ibid., p. 301) In fact, in the fall of 1993, as a result of changes in the CIA computer system, Ames obtained additional classified CIA information. He used his work computer to electronically download onto floppy disks CIA operational cables and finished intelligence only marginally related to his office responsibilities. Ames was able, through his computer, to access cables dealing with world events, and electronically selected cables dealing with Russian and European political and economic events. (Transcript, 7/18/94, p. 196) Fortunately FBI and CIA records show Ames did not have a personal meeting with any KGB contacts between November 1993 and when he was arrested, and he was unable to pass this windfall of information to his Soviet contacts.

#### *Ames's personnel evaluations by the CNC*

While Ames displayed serious personal flaws and poor work habits, the performance evaluations by his CNC supervisors continued to portray an employee who was more than adequate. According to the CIA IG report, while Ames's immediate supervisors in CNC were aware of his occasional problems with alcohol abuse, his proclivity to sleep at this desk, and his unwillingness to handle issues and projects that did not interest him, his annual performance appraisals consistently rated him a strong performer.

According to the recollections of Ames's colleagues, Ames became so intoxicated during a liaison meeting with foreign officials in September 1992 that he made inappropriate remarks about CIA operations and personnel, and passed out at the table. (CIA IG report, p. 51)

Nonetheless, his immediate supervisors failed to make this and similar actions a part of any official record, or to recommend counselling for him. He continued to be judged as meeting the norms for an operations officer of his grade, and, in fact, received strong narratives and overall grades that indicated he exceeded the work standard. On the other hand, at annual reviews of all GS-14 operations officers, which determined promotions, Ames continued to be ranked in the bottom sixth.

#### *Rosario's knowledge of Ames's relationship with the Russians*

In interviews with CIA officers, both Aldrich and Rosario Ames claim that she did not learn of Ames's relationship with the KGB until the summer of 1992. At that time, she found a vague note in her husband's wallet. From that, she concluded that Rick had involved her or her family in an intelligence operation. Rosario admitted to FBI officials that Rick told her he had received cash from the Russians for providing CIA information to the Russians.

Ames has said that eventually Rosario understood the true nature of this relationship with the KGB. He claims she begged him to sever the tie, but he convinced her that they would be endangered by doing so, and that her mother in Colombia would be financially disadvantaged.

In 1993, the FBI monitored telephone conversations between Ames and Rosario which indicated that she knew about two prior face-to-face meetings with the KGB and confirmed her knowledge of Rick's unsanctioned espionage links to the Soviets. These conversations also showed she was aware Ames was employing impersonal means of communicating with the Soviets, using dead drop sites and leaving chalk signals for the Soviets to read. (CIA IG report p. 65) According to FBI officials, the telephone intercepts of conversations between Rosario and Rick Ames indicate that Rosario was a supportive conspirator encouraging the crimes of her husband in order to allow her to continue to enjoy the financial benefits.

#### *Ames's contacts with the KGB*

Once he returned from Rome, after years of regularly passing classified information via face-to-face meetings with his Soviet intermediaries, Ames no longer had such meetings in the United States. Instead he began relying on "dead drops" and signal sites, and personal contacts abroad. Ames would leave a signal—such as a chalk mark on a mailbox—to indicate to the Soviets that he would "load" a dead drop site. Then he would provide classified information and messages to the KGB by placing a package somewhere in a hidden, secure area in the Washington, D.C. area. Similarly, the KGB used signals and dead drop sites to pass money and instructions to Ames. Ames and the KGB identified the sites in messages back and forth by using cover names to protect their locations in case a dead drop site was ever compromised.

From 1990 until 1993, face-to-face meetings with his KGB handlers took place only outside the United States. Ames met "Vlad" in Vienna in June 1990, but missed an October 1990 meeting because Ames mistakenly went to Zurich rather than Vienna. In December 1990, Ames made his next contact in Bogota, where he was introduced to his second KGB case officer, called "Andre". A few months later, Ames was scheduled to meet Andre again in Vienna but the meeting never occurred—again, because Ames confused the meeting place. Ames did see Andre again in Bogota in December 1991 and in Caracas in October 1992, and had his last operational meeting with the KGB in Bogota in November 1993. (CIA IG report, p. 64)

The material collected by the FBI during the investigation and after Ames's arrest, much of it from Ames's personal computer, provided a wealth of detail and illustrated the nature of Ames's relationship with the KGB in these later years. In June 1992, according to documents recovered by the FBI from Ames's home computer, he wrote a note to his Soviet contacts which stated, in part:

My most immediate need, as I pointed out in March, is money. As I have mentioned several times, I do my best to invest a good part of the cash I received, but keep part of it out for ordinary expenses. Now I am faced with the need to cash in investments to meet current needs—a very tight and unpleasant situation! I have had to sell a certificate of deposit in Zurich and some stock here to help make up the gap. Therefore, I will need as much cash delivered in Pipe [document drop site] as you think can be

accommodated [sic]—it seems to me that it could accommodate [sic] up to \$100,000. (Affidavit, p. 16)

FBI records indicate Ames left his message at dead drop site "BRIDGE" and he left a signal at site "SMILE." (Statement of Facts, p. 6)

Ames wrote another letter to his contacts on August 18, 1992. He agreed to a personal meeting with the KGB in Caracas, Venezuela, and provided information on the level of CIA operations in Moscow, U.S. conclusions about Russian technical penetrations of the U.S. Embassy in Moscow, and CIA recruitment plans for Russian officials. (Statement of Facts, p. 6)

Ames placed this material at the drop site and signalled the Soviets that it was ready for retrieval on August 19, 1992. He placed a pencil mark at signal site HILL in the morning and left the documents and letter at dead drop GROUND at 4:00 p.m. When he returned to the signal site the next day, he saw the KGB had not erased the signal as arranged for if the collection had occurred. Accordingly, Ames retrieved his package. On September 1, 1992 Ames typed another letter to the KGB telling them he had retrieved his earlier package, and would place the material at dead drop "GROUND" on a specified date in September.

Apparently Ames had some problems with this form of impersonal communication. Among other things, the size of the dead drop site limited the amount of information he could pass. In Rome, he routinely delivered inches of data at each meeting. These procedures also limited the amount of cash he could receive in each transfer. Ames complained in a letter to the KGB dated in August or September 1992:

Besides getting cash in Carascus [sic] (I have mentuoned [sic] how little I like this method, though it is acceptable), I still hope that you will have decided on some safer, paper transfer of some sort of a large amount.

He also advised the KGB, "My lack of access frustrates me, since I would need to work harder to get what I can to you. It was easier to simply hand over cables!" (Statement of Facts, p. 6)

On March 9, 1993 Ames typed a letter on his computer which began by saying "All is well with me—I have no indications that anything is wrong or suspected." In the letter he also discussed the morale of the CIA SE Division, personnel changes, and information about the CIA budget. He included a variety of classified documents. (Statement of Facts, p. 8)

On May 26, 1993 Ames sent an "urgent" message, which he passed through a dead drop in the Washington, D.C. area, to the KGB asking for money immediately. Employing dead drop site "BRIDGE", the KGB forwarded a package of cash to Ames four days later. The FBI obtained records later which show Ames deposited approximately \$22,800 into various accounts between June 1-7, 1993.

In July 1993, the KGB provided more money through a dead drop. An accompanying KGB message discussed an upcoming personal meeting and informed Ames that they planned to test the security of a selected dead drop to ensure the site remained viable.

The KGB also told Ames more money would soon be provided, unless the money was postponed due to the "diplomatic pouch schedule." (Statement of Facts, p. 8) Ames deposited approximately \$16,500 into local bank accounts between July 20 and August 4, 1993.

By September 1993, Ames and his wife's movements and conversations were being closely monitored by the FBI. On September 9, 1993, Ames and his wife attended a meeting at their son's school in Alexandria, Virginia, and then drove to the intersection of Garfield Street and Garfield Terrace in Northwest Washington to see if the KGB had placed a signal. At other times in September, Ames passed and received messages, in preparation for a personal meeting with the KGB in November in Bogota. (Arrest Affidavit, p. 10)

In October 1993, FBI agents observed that Ames left his residence around 6:22 a.m. and returned around 6:44 a.m. giving him time to place a mark on a signal site. Around 7:00 a.m., FBI agents observed that a horizontal chalk mark had appeared on a mailbox at the corner of 37th and R Street, N.W., Washington, D.C. They knew from other recovered documents that this mailbox served as signal site "SMILE." (Arrest Affidavit, p. 11)

On November 1, 1993, Ames traveled to Bogota for another personal meeting with a KGB official. The official gave him a large amount of cash, and an updated impersonal communications plan for 1994. It included new signal and dead drop sites in the Washington, D.C. area and times for exchanges in February, March, May, August, and September. Personal meetings were scheduled for Caracas, Venezuela or Quito, Ecuador for November 1994. For 1995, they planned for meetings in Vienna or Paris. At the Bogota meeting the Soviets also told Ames they were holding \$1.9 million for him. (Statement of Facts, p. 9) After Ames returned to the U.S. the FBI detected large financial deposits totaling approximately \$43,200 between November 3-10, 1993.

While Ames was in Bogota, the FBI monitored several telephone calls between Ames and Rosario, who remained in Arlington, Virginia. On November 1, 1993, Ames told his wife that he had a "short meeting" that day and would have "more meetings" the following day.

#### *Ames's official travel*

During 1992 and 1993, while working for the CNC, Ames made several official trips overseas, including visits to Moscow and Turkey. In a message delivered to the KGB through a dead drop around September 3, 1993, Ames referred to the Moscow trip and wrote, "You have probably heard a bit about me by this time your (and now my) colleagues. . . ." (Arrest Affidavit, p. 15)

On the trip to Turkey in September 1993, where he attended a conference on regional narcotics matters, Ames took an extraordinary risk which could have fully exposed his spying activities. Ames took with him a personal laptop computer which contained unauthorized classified information, personal files and several game programs. His superior, who had accompanied him to the conference, asked Ames's permission to use the computer to access the games, and Ames agreed. The FBI interviewed this officer in

November 1993, several months before Ames's arrest, and he reported being "overwhelmed at the incredible amount of classified info that Ames brought to the conference . . . large sub files containing classified cables and memos. . . ." This officer also saw a file titled "VLAD" which he did not try to access. (CIA Employee Interview, 11/2/93) CIA regulations prohibit CIA officers from using personal computers for the storage of classified material, but Ames apparently was oblivious to the risk he was running by letting his boss use his laptop. The CIA officer who saw the classified information reported it to the CIA and FBI upon his return. Ames continued to be sloppy about security even when it risked exposing his own espionage activities.

### *Ames's personal wealth*

Evidence developed by the FBI indicated that between April 1985 and November 1993 Ames spent at least \$1,397,300. On August 1, 1989 Ames paid \$540,000 in cash for a house in northern Virginia. The Ames's advised their title insurance agent that they bought the house with funds obtained from an inheritance from Rosario Ames's family. (Indictment, p. 20). Ames also apparently told close friends that Rosario's uncle in Columbia was so pleased at the birth of the Ames's son that he decided to buy the house for them as a gift. (CIA Employee Interview, 4/15/94). Ames embellished this story by telling this friend that the cash purchase of the house allowed Ames to spend an extra \$1,000 to \$1,500 per month on personal expenses, because he was saving on regular mortgage payments. (CIA Employee Interview, 4/15/94) Ames obfuscated the electronic money trail of these funds by moving funds from Credit Suisse, through Citibank and an account with Pierpont Funds, and eventually into his account at the Dominion Bank of Virginia. (Arrest affidavit, p. 25).

Ames spent large sums of money on home improvements, furniture, Jaguar and Honda automobiles, telephone bills, credit card payments totalling \$455,000, tuition for his wife's schooling at Georgetown University, and stock and securities purchases. (Arrest Affidavit, p. 21) Ames also used his Soviet payments to purchase property in Colombia, and to support Rosario's family in South America. Ames bought condominiums in Bogota and Cartagena, and a farm in Colombia referred to as the "Guajira." (Statement of Facts, pp. 12 and 26) Between April 1985 and November 1993, Ames' total CIA "take home" salary totalled \$336,164. (Arrest Affidavit, p. 17)

In January 1992, Ames traded his three-year old Jaguar for a new mode. The fact that Ames purchased not one, but two Jaguars within a three-year period went unnoticed by investigators until they were well into completing their financial analysis. Ames stated that he "considered the purchase of a second Jaguar within three years to be the only time he flaunted his money and considered this his greatest financial indiscretion."

From 1990 until the time of his arrest, Ames routinely made large cash deposits into various bank accounts. On June 22, 1990, Ames deposited \$34,825 into one Swiss account, and \$29,850 into another. (Affidavit for Warrants p. 19) On January 24, 1991, he deposited \$10,000 into his wife's Dominion Bank Account (Affidavit

for Warrants, p. 20 check) and in March, May, and June he deposited large sums into his own Dominion Account (Affidavit for Warrants.) After meeting his KGB handler in Caracas in October 1992, Ames made eight cash deposits into two Dominion Bank of Virginia checking accounts and four deposits into his Riggs National Bank of Virginia account, totaling \$86,700. Each deposit was under \$10,000, reflecting Ames's attempt to avoid the deposits being reported to the Treasury Department. (Transcript, 6/28/94, p. 90) Ultimately, however, it was Ames's sudden affluence that made him the focus of investigators.

### *The initial tip on Ames*

In November 1989, shortly after he returned from Rome, CIA received the first information which pointed directly to Ames. A CIA employee, who knew Ames well, reported to the Counterintelligence Center (CIC) that Ames seemed to be living beyond his means. The employee reported Ames appeared to have little money when he left for Rome, but now seemed unusually well off financially. The employee explained Ames and his wife had purchased an expensive home in Arlington, Virginia. (CIA IG report, pp. 98,99)

Accordingly to the CIA IG report, the employee who reported this information was aware of the 1985-1986 compromises, and knew that Ames would have known about them. Moreover, the employee knew the Ameses sufficiently well to know that Rosario's family was not wealthy. Afterwards, the employee periodically advise the CIC investigators of additional details relating to the Ames's wealth, such as their personal travel, extensive landscaping expenditures, and extensive kitchen renovations.

Based upon this report, an Office of Security investigator assigned to CIC, who usually handled investigations of CIA employees in connection with suspected penetrations, opened a routine financial inquiry on Ames. (This investigator had done the investigation of an SE Division employee who, in the 1988-89 time period, was suspected of compromising some of the Soviet sources. This was also the same investigator who looked into the related investigation involving a possible penetration of a particular office at the CIA described previously in this report.) He queried the U.S. Customs Service for any information on currency transactions involving Ames. The CIA IG report indicates that the investigator also examined public records and discovered that Ames had purchased his Arlington for \$540,000, but the investigator could find no record of a mortgage.

In January 1990, the Treasury Department responded to the currency transaction request and identified three "hits" involving Ames: a \$13,000 cash deposit into a local bank account in 1985; a \$15,000 cash deposit into the account in 1986; and, upon his return from Rome, a conversion of Italian *lira* into \$22,107. (Transcript, 7/18/94, p. 121)

Despite the significance of this new information, the investigation into Ames's finances stalled. In January 1990, the investigator assigned to the case began a two-month training course, and no one

was assigned to perform his duties during his absence. When he returned, he was given other leads to follow, as explained below. (CIA IG report, p. 102)

#### *CIA counterintelligence review*

In the meantime, the CIA investigation group which had been looking into the 1985–86 compromises since 1986 was making little progress. According to those involved, there was still no consensus, even in the fall of 1989, as to whether the earlier compromises resulted from a technical or human penetration. (Transcript, 7/18/94, p. 119) While certain avenues of the investigation appeared to be coming to a close, there was, as yet, no explanation for the losses.

As described earlier in this report, the investigation group had initiated an investigation into another SE Division employee in 1988, but by the fall of 1989 had failed to connect this employee directly to the compromises. The possible involvement of the employee could not be entirely dismissed, but there appeared to be no further lead to follow. Investigators were also continuing to analyze the information provided a year earlier by a KGB officer, who had provided information indicating that the 1985–86 losses were a result of poor CIA tradecraft.

CIA followed several leads since 1986, but had reached no conclusions. The investigation group appeared no closer to identifying the source of the 1985–86 compromises.

#### *The Ames inquiry falters*

The CIA investigator responsible for examining Ames's unexplained wealth returned from his two-month training course in March 1990, but was immediately diverted to pursue other leads which the investigation group considered more pressing. The CIA had learned that a key source who would likely have information concerning the possible penetration of a particular CIA office, under investigation since the mid-1980's, was willing to talk to the CIA. Since the investigator had investigated this case since its inception, he was sent overseas to interview the source. More debriefings of the source occurred in April and May 1990.

In June, the investigator was sent on a European assignment to assess the information emerging in Berlin from newly-opened East Germany intelligence files. The CIA wanted to learn what the East German service knew about CIA operations, and in particular, whether the East Germans had recruited a CIA officer who had access, or could have developed access directly or indirectly, to the 1985 Soviet cases that were compromised. (Ibid., pp. 125–131)

The CIA IG report indicates that the investigation group was hesitant to solicit financial expertise from other components within CIA, such as the Office of Financial Management or the IG Audit Staff, and that they were even more wary of seeking help from any outside sources such as the FBI. They felt that people outside of the Directorate of Operations would not have the proper sensitivities to the DO culture or to the fact that CIA employees were under scrutiny. (CIA IG report, p. 222) CIA officials believed that there was not a sufficient basis at the time for the FBI to open an investigation of Ames.) Transcript, 7/18/94., pp. 208–209)

In August 1990, the investigation group inquiry was again diverted when CIA received detailed information from a defector that the KGB had recruited an unidentified CIA officer in the SE Division during the mid-1970s. The defector explained that this unidentified officer had served in Moscow and was known for his carousing and expensive tastes. This information seemed to match up with specific investigative leads pursued by the FBI and the CIA both in the 1970s and again the mid-1980s, after the 1985-86 compromises came to light. The defector information prompted CIA investigators to reinvigorate their review, and to match the defector information to a current or former employee. This effort lasted for more than a year. While counterintelligence officials eventually assessed the lead to be unreliable, it consumed considerable effort on the part of the FBI and the CIA. (Ibid., pp. 130-131)

In any event, the investigator working with the investigation group, who had begun to look into Ames' finances in late 1989, temporarily returned to it in September 1990 when he requested a routine credit check of Ames and his wife. Nothing surfaced which appeared out of the ordinary, but the inquiry did provide a listing of local banks where Ames had accounts. (Ames chronology, 94-3009, p. 7)

According to the CIA IG report, in the fall of 1990, the investigators concluded that because of his yet unexplained wealth, a background reinvestigation and a polygraph should be done on Ames, but they were concerned that he might be alerted to their suspicions. Ames had last been polygraphed in 1986, and according to CIA's routine five-year cycle of polygraphs, his next one would be scheduled in 1991. Therefore, they elected to wait until then, so that the polygraph would appear to be routine.

### *Reinvestigation of Ames*

The investigator working on Ames finances outlined his concerns in a December 5, 1990, memorandum to the Office of Security, and requested background investigation and polygraph. The memorandum described the three large financial transactions identified almost a year earlier on the Treasury data base, and provided the Office of Security with the details reported by Ames's colleague in the November 1989 "tip." The memo also mentioned that Ames had purchased a \$540,000 home with no record of a mortgage or lien filed with Arlington County, and had purchased a white Jaguar valued at approximately \$49,000. (A copy of the memo, redacted for security reasons, is printed in the appendix to this report.) The memo expressed urgency in expediting the background investigation and polygraph out of concern that Ames's superiors could not continue to limit Ames' access to sensitive information without raising his suspicions that he was under investigation.

The memorandum noted that there could be logical explanations for the large dollar transactions, raising the possibility that the money represented the proceeds of his mother's insurance policy, or could have come from his wife's family who was thought to be well-connected in Columbia. The memo also suggested that the large cash deposits could be explained by loans from the credit union.

The Office of Security opened a reinvestigation of Ames in December 1990. Investigators checked Ames's account at the Northwest Federal Credit Union and found nothing unusual. Indeed, it showed that Ames had borrowed \$25,000 of the purchase price for the Jaguar, making his circumstance appear less suspicious. (Ames chronology, 94-3009, p. 6) The Office of Security did not make additional requests in December 1990 to obtain information from financial institutions other than the Northwest Federal Credit Union for the purpose of pursuing Ames's finances. CIA Office of Security officials later stated that they did not know that the legal authority existed to seek information from other institutions.

In January 1991, the Office of Security sent Ames various forms to complete for the purpose of updating his background investigation. Ames did not return the forms until March 4, at which time the Office of Security initiated a background investigation. (Transcript 7/18/94, pp. 136-137)

The Office of Security completed this investigation by April 12, 1991. The investigation was particularly comprehensive and included interviews with many of Ames's past and present co-workers, whose comments included the following:

Ames was assigned to CIC "under a cloud" . . . One individual recalled that SE Division did not trust Ames or his Soviet agents. There were questions about Ames's handling of a particular agent and also concerns about his judgment.

In Rome, Ames seemed to have considerable contact with his Soviet and Eastern Bloc assets. A colleague noted Ames received many calls from assets at work. This person also noted that Ames routinely left his safe open when he was leaving for the day, and had admitted he wrote an agent contact report at home on his personal computer.

In Rome, Ames could not be expected into the office before 9 or 10 am. At least once per week there was evidence that Ames had been drinking during his lunch hour.

Another of Ames's co-workers said he didn't think Ames was a spy, but wouldn't be surprised if that someday came to light. When asked to explain his remark, the person retracted it stating that the profile of Ames was wrong for him to be a spy, but he didn't trust Ames as a colleague. He reportedly had seen Ames take some actions that he was specifically instructed against, such as giving his agent a laptop computer after his superiors told him not to.

Another person interviewed commented that Ames lived at a higher standard of living than most other government employees and this person believed that there was money on the spouse's side of the family. The person stressed that Ames's government salary did not explain his level of spending.

Another co-worker reported that he understood Ames paid cash for his house, a purchase well into the \$500,000 range.

Another colleague stressed that Ames made no attempt to conceal his wealth and observed that Ames had new cars and relied on household help. (Ames chronology, 94-3009, pp. 6-7, CIA IG report, pp. 183, 184)

According to the CIA IG interview of the investigator who reviewed the Ames background investigation report, "(The investigator) did not consider that the background investigation revealed anything he did not already know. Thus, he did not believe it would be necessary to conduct follow-up interviews with any of the sources, nor did he discuss that possibility with (his supervisors)." According to the investigator, follow-up interviews were unusual and could have been alerting to Ames.

Moreover, the CIA security officer who assessed the results of the reinvestigation determined that it "had no CI (counterintelligence) implications". No action was taken with respect to Ames's security clearance on the basis of the investigation. (CIA IG report. p. 204)

### *1991 polygraph*

The derogatory information developed during Ames's background investigation also was not provided to the polygraph examiner before Ames's polygraph. The background investigation results were forwarded to the Office of Security on April 12, 1991, the same day that Ames was given his polygraph examination. According to polygraph officials, there was no requirement that background investigation information be made available to polygraphers prior to an examination.

The polygraph supervisor and the examiner were aware that there was some question about Ames' unexplained wealth, but neither recalls actually seeing the December 5, 1990 memorandum from the CIC or having the information in the memo specifically discussed with them. (Transcript, 7/18/94, p. 140, CIA IG report, p. 189) The polygraphers stated that they conducted a routine polygraph examination of Ames, and did not focus on financial questions other than those routinely asked of all employees during an update-polygraph.

As is normal procedure, the polygrapher interviewed Ames prior to beginning the polygraph, and at that time Ames volunteered some information on his finances. He said he had money that came principally from his mother-in-law, that he owned property in Colombia, and that he had made several small, but lucrative, investments. Once the polygraph test began he was asked whether he was concealing any financial difficulties from the Agency. To this question Ames answered no, showing no signs of deception. According to CIA officials, the examiner did not ask questions during the polygraph test about the specific examples of Ames's unexplained affluence because they considered this a routine polygraph and were not advised to do any specialized questioning. CIC officials stated that they wanted Ames' polygraph to appear in every way to be routine so as not to tip Ames off to any specific concern in this area. (Transcript, 7/18/94, p. 141)

According to the CIA IG interviews of Ames, "Ames states that if the Agency had interviewed him about his spending in the context of a reinvestigation, he would not have been terribly alarmed. In fact, he prepared himself for the possibility that he would be asked about his finances. Ames attempted to account for the cash purchase of his Arlington home by having a gift letter prepared and notarized making it appear to have been a gift from his mother-in-law. He states that at some point someone would learn that

he had purchased the house for cash and it was reasonable to expect that someone would ask him about the source of his wealth. But no one ever did." (CIA IG report, p. 152)

Ames also showed no reaction when he was asked whether he was working for a foreign intelligence service. Deception was indicated, however, when he was asked whether he was concealing contacts with foreign nationals. After several hours of testing, Ames continued to show deception in response to the question. The examiner, as was standard CIA practice, ended the test, called it incomplete, and asked Ames to return again in a few days to try to successfully complete the test.

Four days later Ames returned to finish the polygraph examination. On that day, with a different polygrapher, Ames answered all questions without any deceptive response, including the question regarding unreported contacts with a foreign national. The reaction that had occurred on the previous test was not present, according to the examiner. In fact, the examiner noted that Ames's overall level of responsiveness was down considerably from the prior test. No additional polygraph questions were asked about Ames's finances. The polygrapher concluded the test, dismissed Ames and wrote the polygraph report indicating Ames had passed the test. However, in file notes, the first examiner commented, "I don't think he is a spy, but I am not 100% convinced because of the money situation." CIA officials have recently stated that, in retrospect, the security background check on Ames should have preceded the polygraph and the polygraph examination should have been conducted after taking the results of the investigation into account. (Transcript, 7/28/94, pp. 142-143)

Ames told the CIA IG investigators that he accepted his reinvestigation in 1991 as routine since he was aware that the five-year reinvestigation program "had taken hold." However, he had expected that the 1991 reinvestigation would be more direct and pointed than his 1986 test. Ames maintained that his passing the 1986 polygraph was very important to him because it gave him confidence and reduced his anxiety. Ames was still apprehensive, however, because he viewed the polygraph as "rolling the dice and so I felt that it was perfectly possible that even if I were telling the truth instead of lying I might have problems." Ames said he never received training from the KGB on how to beat the polygraph. He acknowledges, however, that the KGB advised him to "just relax, don't worry, you have nothing to fear." (CIA IG report, p. 189)

In its review of the Ames polygraphs, the CIA IG report quotes several current and former polygraph examiners who stated that the Ames case should not be considered to be a polygraph "chart interpretation" problem. Rather, they say, the fundamental problem is that the 1986 and 1991 polygraph charts were invalid because the examiner in each case failed to establish a proper psychological atmosphere in the examination sessions. A former polygrapher noted that without proper preparation, a subject has no fear of detection and, without fear of detection, the subject will

not necessarily demonstrate the proper physiological response. Consequently, they surmise, the Ames polygraph test were invalid because the process was flawed by examiners who had not established the proper psychological mind-set in Ames because they were overly friendly. As a result, Ames's physiological reactions were unreliable. (CIA IG report, p. 202)

The fact that Ames passed his 1991 polygraph caused the CIC investigative team to be less suspicious of him. Nevertheless, a question remained in their minds about the source of his money. As of April 1991, CIA had still not checked whether Rosario's family was, in fact, wealthy. In July 1991, a CIA officer was sent to Bogota to develop additional information on Ames' in-laws. Relying on very limited information, the officer reported on July 31 that the family was well-known, politically connected and financially stable. The report noted that a company owned by the family dealt in real estate, import-export, and other business ventures. The report further stated that several years earlier, Rosario's family had donated land worth several million dollars for a soccer field and sports arena. Overall, the report seemed to corroborate Ames's claims that his wealth came from Rosario's family. (Transcript, 7/18/94, p. 137) The next request from CIA headquarters to Bogota for information regarding Ames was not made until over a year later, in August 1992. (CIA IG report, p. 151)

On the basis of the July 31 report on Ames's in-laws, the results of the earlier background investigation (which also tended to corroborate Ames's story), and his successful polygraph examination, CIA investigators put the Ames inquiry on hold in the fall of 1991. (Transcript, 7/18/94, p. 137)

In fact, investigators do not appear to have followed up other possible Ames leads. For example, no effort was made to determine whether Ames's money came from the proceeds of an insurance policy on his mother, a possibility raised in the December 5, 1990 memo. A high school teacher, Ames' mother had died in 1986, and investigators did not view this as a plausible explanation for the affluence that appeared three years later. In addition, investigators did not delve into Ames' financial situation in Rome or attempt to identify when Ames' financial situation actually changed so that they could correlate this change with other events.

The team also did not take another possible step, and formally inform the FBI about the information it had developed on Ames. According to the CIA IG report, the CIC did not formally advise FBI headquarters about the case details until the FBI took over the case in 1993. Nor did the two FBI officers, who had been detailed to the CIC investigation since 1991, formally advise FBI headquarters of the suspicions regarding Ames. (CIA IG report, p. 221)

### *The CIA and the FBI take a new tack*

In April 1991, two CIA representatives, who had been involved in the investigation of the 1985-1986 compromises from the beginning, went to the FBI and told them they were going to revitalize their investigation. The FBI suggested that the two agencies join forces to solve the mystery of the compromises, a proposal that

their CIA counterparts accepted immediately. None of the participants in this meeting recalled a specific motivating factor for this decision. (Transcript, 6/28/94, p. 4) One CIA official advised the Committee that the breakup of the Soviet Union provided more opportunities to solve the case, and both agencies realized this had to be done in an organized way. Another said it was simply a "natural evolution . . . it (the 1985 compromises) was always there and it was always an open wound that we wanted to solve." (Transcript, 7/18/94, pp. 165-166) (The reader should note that in 1991, the KGB was reorganized and officially redesignated as the "SVR." For ease of understanding, however, the term "KGB" continues to be used in the remainder of the report.)

As a result of the meeting, the FBI sent two agents to the Counterintelligence Center at the CIA to begin working full-time with two CIA representatives to address the problem in a systematic way. In the summer of 1991, the joint CIA/FBI unit began to review the failed cases, look for commonalities, determine who had access, and identify suspects for subsequent investigation. This analytical effort differed from previous "mole hunt" efforts because, for the first time, the CIA and the FBI had joined forces, and the investigation focused on identifying individual suspects. (CIA IG Report, p. 108)

By August 1991, the joint unit had identified 198 CIA employees who had access to the 1985-86 compromised cases. Of these, the joint unit identified 29 employees, including Ames, for priority attention. All members of the joint unit conceded this winnowing process involved more art than science. For the CIA representatives, who often personally knew many officers on the list, the winnowing focussed on problem officers, or cases where there were "just some kind of vibes about them." For the FBI representatives, who for the most part were not acquainted with the CIA employees involved, it was largely a matter of determining which employees had access to the compromised cases. Ames made everyone's list; indeed, he was high on several lists because he had access to the information, and there were unresolved questions about his sudden affluence. But other members of the joint unit (and other CIA and FBI officials) regarded other CIA employees with more suspicion. (Transcript, 7/18/94, pp. 169-175)

The joint unit members decided to interview individuals on the list of 198 in an effort to further narrow the list, and to determine who did and did not have access to the compromised cases. Further, the joint unit members agreed to have the Office of Security polygraph everyone on the list of 198 if the individuals were still employees and had not been polygraphed since 1985. The joint unit planned to review the personnel and security files of each of the 29 employees identified for priority attention. It tasked the CIA Office of Security to review the files of the remaining employees and asked a CIA psychologist to review medical files for some of the employees. (Ibid., pp. 175-176)

According to the IG report, a CIA member of the joint unit concentrated on Ames and began to compile an extensive chronology of his activities. The investigator built up this chronology as the team developed new information on Ames from the review. The

joint unit did not develop a similar chronology on any other suspects.

*A temporary diversion*

In October 1991, soon after the joint unit began its work, it received a report that a CIA officer abroad had information alleged to have come from a KGB officer. According to the report, the KGB had long ago succeeded in penetrating the CIA with an unidentified USSR-born employee who had provided detailed information on CIA operations in Moscow and who was, in fact, still alive. (Ibid., p. 203)

The information had some similarities to the investigation which the CIA had been pursuing without resolution since the mid-1980's involving the suspected KGB penetration of a particular CIA office. This new lead prompted the joint unit to reprioritize its investigation temporarily. (Ibid., p. 204)

But soon thereafter, officers at CIA headquarters questioned the veracity of the reported information. They recalled the CIA officer who had reported the information for questioning. The ensuing investigation indicated it was likely the CIA officer had fabricated the entire story for career enhancing or financial reasons. Confronted with this information, the CIA officer resigned and the CIA referred his case to the Justice Department for possible criminal action. (Ibid.)

*The joint investigation resumes course*

Temporarily diverted by the fabricated story in October, the joint unit resumed the game plan it had earlier conceived. The joint unit continued its interviews with CIA employees on the list of 198 and its evaluation of the shorter list of 29 employees.

On November 12, 1991, the joint CIA/FBI investigative unit interviewed Ames. According to one of the participants, the interview of Ames, like all of the interviews, essentially concerned "housekeeping" details: how paper flowed, who did what, who went to which meetings, etc. It was obvious to each person interviewed that there was an effort underway to go back and find out what went wrong in 1985-1986, but the interviewers did not suggest to those people interviewed that they were under suspicion. Nor did the interviewers discuss their methodology or progress. (Ibid., p. 178)

Records from the Ames interview indicate that he twice volunteered that he had received a security violation while in SE Division for not closing and locking his safe. He stated the safe contained case chronologies and combinations to other safes. In retrospect, it appears that Ames offered this information as an explanation for the 1985-86 compromises and to detract from any suspicions that he was the mole. It appears to have had the opposite effect.

In late 1991, the joint unit conducted a comprehensive computer search of DO records regarding Ames. No similar searches were conducted for any of the other "mole" suspects. The search produced the reports Ames had written about his contacts in the 1985-86 timeframe with the Soviet official Chuvakhin. CIA records also contain a July 1986 cable which relayed an FBI query about

contacts with Chuvakhin that Ames had not reported. (CIA IG Report, pp. 113-114) CIA headquarters responded to this query by stating that Ames had had three brief contacts during which no operational progress was made. CIA headquarters further promised that Ames would send additional details from Rome, however, he never did and the matter was not pursued by CIA officials.

One of the FBI members of the joint unit reviewed FBI headquarters records on these meetings soon after, but found nothing. It was not until well into 1992 FBI officials reviewed FBI Washington Field Office records, as opposed to Washington headquarters records, on Chuvakhin. The field office records revealed that Chuvakhin and Ames had numerous contacts during 1985-86 that Ames had never officially reported.

In December 1991, the joint unit held an off-site conference attended by senior FBI and CIA supervisors to discuss progress and future plans. (Ames chronology, 94-3009, p. 8) In January 1992, following this meeting, the FBI Washington Field Office established its own task force to investigate Soviet penetrations of the CIA and FBI. Its focused on resolving old leads, rather than duplicating the approach of the joint unit. Each joint unit was aware of the activities of the other. (Ibid.)

By the Spring of 1992, approximately six months after its creation, the joint unit decided to focus more precisely on Ames's finances because of the still unresolved issues about his wealth. The Deputy Chief of CIC instructed the investigator to complete the financial inquiry of Ames that had been initiated in 1989. (Interestingly, Ames was the only employee on the list of 29 singled out by the joint unit for a financial inquiry, apparently because he was the only person on the list for whom evidence of unexplained affluence had previously surfaced.) (Transcript, 7/18/94, p. 178)

At this point, CIA suggested, and the FBI agreed, that CIA, utilizing statutory authorities provided by the Right to Financial Privacy Act, should seek copies of Ames's financial records from banks and credit card companies where Ames was known to have accounts.

In June 1992, responses from credit card companies indicated that the Ameses charged as much as \$20,000 to \$30,000 per month. The Ames's credit card records also indicated additional overseas travel. The team learned Ames had not reported some of this travel, as required by CIA regulations. (CIA IG report, p. 115)

In August 1992, a financial institution responded to CIA's inquiries, indicating that since 1985 hundreds of thousands of dollars had been deposited into Ames's accounts. The response also showed large amounts were received via wire transfer from an undetermined origin. CIA queried the bank for more information on the source of the wire transfer. (Transcript, 7/18/94, p. 180)

Further investigation of the wire transfers into Ames's various bank accounts from 1985 forward disclosed that approximately \$1 million, as well as cash deposits of over \$500,000, had been moved into Ames's account, none of which was attributable to his salary. The investigators managed to directly correlate many of these deposits with Ames' operational meetings with Chuvakhin. (Ibid., p. 18)

The CIA IG report points out that until this point, Ames's apparent affluence could have been explained by legitimate family wealth or even illegal activities in Columbia such as narcotics or emerald smuggling. When the team found a strong correlation between the meetings and deposits, however, they began to focus more urgently on Ames.

The CIA IG report also found, "Despite the significance of these findings—the [task force] did not officially notify FBI Headquarters." According to a note from the senior unit member to the Chief of CIC, "We have not briefed the FBI in any formal manner and do not plan to do so at this time."

In October 1992, another piece of the puzzle fell into place when the joint unit learned that most of wire transfers had involved transfers from a bank account of Ames at Credit Suisse in Zurich, Switzerland. (Ibid.)

#### *Formal investigation*

At that point, in October 1992, the joint unit was relatively certain that Ames was the spy they were looking for, although others remained under suspicion. In January 1993, the joint unit began briefing the FBI and other appropriate officials on its work, and began to contemplate turning the investigation over to the FBI. (Ibid., p. 182)

In March 1993, the joint unit issued its final report, known as the PLAYACTOR/SKYLIGHT report. The report did not describe the specific information developed about Ames or any other CIA employee on the list of possible suspects, but it did provide a compelling analysis of the 1985–1986 compromises and of the subsequent efforts by the KGB to divert attention away from the presence of a "mole" within the CIA. It stated that as many as 30 CIA and FBI Soviet operations had been compromised or discontinued under unusual or suspicious circumstances between 1985 and 1986. (CIA IG report, p. 75) The report reached several conclusions which were to prove very close to the mark:

We are virtually certain there was a KGB penetration of CIA who followed closely on the heels of CIA defector Edward Lee Howard. This subject probably began to disclose CIA/FBI operations to the KGB by July 1985, if not earlier. The KGB then proceeded to roll up our agents throughout 1985–86.

The subject was assigned to CIAHQ in 1985 and was in a position to compromise Soviet operations virtually "across the board." The subject was employed in SE Division or one of a few slots in CI staff. (The Playactor/Sky-light report included as an appendix, a list of approximately 40 people with access. Ames was on the list.) (PLAYACTOR/SKYLIGHT report, March 15, 1993, 94–3115, p. iii)

#### *The FBI opens an intensive counterintelligence investigation of Ames*

On the basis of the work done by the joint task force, the FBI put an investigative team together in March 1993, and tasked the team members to acquaint themselves with the facts. (Transcript, 7/18/94, pp. 183–185)

This effort led the FBI to begin an intensive investigation of Ames. Under applicable Attorney General guidelines, this meant that the FBI was able to seek authority under pertinent laws and Justice Department guidelines to employ a full array of investigative techniques against Ames. For instance, the Foreign Intelligence Surveillance Court issued orders authorizing electronic surveillance of Ames's office and residence. Other surveillance techniques used against Ames included mailcover (i.e., deriving information from envelopes addressed to and from Ames), and a clandestine monitor installed in his car to track his movements. (IG report, p. 121)

On June 25, 1993, the FBI conducted a search of Ames's office at the CIA. Approximately 144 classified documents were located in his work area, most of which did not relate to his official duties. (Affidavit of Leslie G. Wiser, Jr., in support of warrants for arrest and search and seizure warrants, p. 17)

According to the CIA IG report, by mid-1993, significant information had been obtained from the relevant financial institutions, which further implicated Ames. The completed financial analysis showed that Ames had a total income of \$1,326,310 that could not be accounted for through salary and other known sources.

On September 15, 1993, a search of Ames's trash disclosed a torn note in Ames' handwriting which appeared to relate to a clandestine meeting planned for Bogota, Colombia on October 1, 1993. (Ibid., p. 7)

On September 29, 1993, in a telephone conversation with his wife, Ames said that "my visit was canceled." His wife responded, "Does that mean you retrieve something?" Ames replied, "yeah," presumably referring to new KGB instructions setting up an alternate meeting. The following day Ames canceled his airline reservation to Bogota. (Ibid., p. 9)

On October 6, 1993, a search of Ames' trash turned up a typewriter or printer ribbon which contained two documents which Ames appeared to have prepared in 1992. Among other things, these documents discussed CIA personnel, access to classified information, and classified operational matters. (Ibid., p. 15)

On October 9, 1993, FBI agents conducted a search of Ames' residence in Arlington. Among other things, this search yielded (1) a typewriter ribbon which contained a note Ames had written to his KGB contact regarding a meeting in Caracas, Venezuela in October 1992; (2) a computer document which identified a mailbox at 37th and R Streets in Washington, D.C. as a signal site, and (3) a series of computer documents regarding Ames' relationship with the KGB. These computer documents included information on clandestine communications, classified CIA operations, classified CIA human assets, and information regarding the payments previously made to Ames. (Ibid., pp. 6, 16)

On October 12, 1993, Ames spoke to his wife about leaving for work early the next morning to "put a signal down . . . confirming that I am coming." FBI agents followed Ames to the mailbox and, while not observing him making a mark, they found a horizontal mark on the side of the mailbox at 7:00 a.m. the same day. Later in the afternoon, the chalk mark had been erased. (Ibid., pp. 10-11)

Later in October, Ames and his wife had several discussions picked up by the wiretap on his telephone related to his trip to Bogota. In particular, his wife was concerned that border officials would detect the large sums of money he travelled with. (Ibid., pp. 14-15)

On November 1, 1993, Ames travelled to Bogota, Colombia to meet his KGB contact. Transcripts of telephone conversations between Ames and his wife established that Ames and his handler had, in fact, managed to meet twice while he was there; on the evening of November 1 and the afternoon of November 2. (Ibid., pp. 12-13; Transcript, 7/18/94, pp. 107-198)

From November 1993 until the time of his arrest, Ames was kept under virtually constant physical surveillance by FBI officers anticipating yet another passage of classified information. The investigation to date, while producing clear evidence of Ames' espionage activities, had not succeeded in producing tangible evidence of meetings between Ames and his KGB handlers. But when the FBI, working with the CIA, learned in early 1994 that Ames, as part of his CIA duties, was scheduled to attend a conference in Moscow in late February, the FBI believed they could not postpone his travel yet again without alerting him, and, thus could wait no longer to make the arrest. (Transcript, 7/18/94, p. 197)

On the morning of February 21, 1994, FBI agents arrested Ames in his car outside his residence. His wife, Rosario, was arrested minutes later in their residence.

## PART TWO: CONCLUSIONS AND RECOMMENDATIONS

Over the months since his arrest, it has become clear that Aldrich Hazen Ames caused more damage to the national security of the United States than any spy in the history of the CIA. Ten Soviet sources of the CIA and the FBI were executed as a result of Ames' treachery and others were imprisoned. Ames has admitted to compromising over 100 intelligence operations of the CIA, FBI, military departments, and allied governments, and there are likely others he does not specifically recall. Literally thousands of classified documents—on subjects ranging from U.S. defense capabilities to international narcotics trafficking—were turned over by Ames to his KGB handlers. Although the formal assessment of the damage caused by Ames has yet to be completed, his betrayal stands as the most egregious in American history.

Obviously, something went terribly wrong. For a CIA officer to carry on espionage activities without detection for almost nine years indicates, on its face, a failure of the system. As the Committee began to look into this failure, we found a bureaucracy which was excessively tolerant of serious personal and professional misconduct among its employees, where security was lax and ineffective. And we found a system and a culture unwilling and unable—particularly in the early years of Ames' betrayal—to face, assess, and investigate the catastrophic blow Ames had dealt to the core of its operations.

The system which permitted Ames' prolonged betrayal must be changed. The country cannot afford such calamities in the future, and the CIA cannot afford further erosion of the public's confidence. In the wake of the Cold War, the CIA still has an important mission to perform—a mission that is vital to the national security of the United States. Like all government agencies, the CIA ultimately depends upon the support of the American people and the Congress to carry out its unique functions and maintain its unique capabilities. To restore that confidence, the CIA must deal effectively with the serious deficiencies highlighted by the Ames case.

In the discussion which follows, the Committee sets forth where we believe the system failed and what we believe should be done to correct it. In its action on the Intelligence Authorization Act for Fiscal Year 1995 (P.L. 103-359), the Committee undertook legislative remedies for many of these shortcomings by requiring coordination of counterintelligence matters with the FBI and by providing authorized investigative agencies with new authority to obtain access to financial information and travel records of federal employees who have access to classified information. While these legislative initiatives are an important beginning, far more is needed to correct the deficiencies evident in the Ames case than legislation alone can achieve.

In the end, regardless of what the Committee may recommend or what Congress may enact, fundamental change will come only if the Director of Central Intelligence, supervisors at all levels, and the employees of the CIA bring it about. The Committee intends to monitor the Agency's progress in this regard, but the leadership must come from within.

The Committee undertook its inquiry not for the purpose of assessing individual blame—which is the exclusive responsibility of the Executive branch—but rather to learn what had gone wrong and to evaluate the institutional lessons to be learned from the Ames case. Nevertheless, the Committee believes that the recent actions taken by the Director of Central Intelligence, R. James Woolsey, against past and current CIA officials implicated in the Ames case warrant comment.

On March 10 of this year, Director Woolsey appeared before the Committee in closed session to outline his interim responses to the Ames case. One area for reform which was cited by the Director was "management accountability." According to the Director: "[T]o my mind, this is very much at the heart of the entire matter." The Committee strongly shares this view.

Despite the CIA Inspector General's recommendation that 23 current and former CIA officials be held accountable for the Agency's failure to prevent and detect Ames espionage activities, Director Woolsey chose only to issue letters of reprimand to 11 individuals—7 retired and 4 current Agency employees. None of the individuals cited by the Inspector General was fired, demoted, suspended or even reassigned as a result of this case. In response to what was arguably the greatest managerial breakdown in the CIA's history, the disciplinary actions taken by the Director do not, in the collective experience and judgment of the Committee, constitute adequate "management accountability."

All Committee Members believe that the Director's disciplinary actions in this case are seriously inadequate and disproportionate to the magnitude of the problems identified in the Inspector General's report. It is clear, given the immense national security interests at stake, that there was "gross negligence"—both individually and institutionally—in creating and perpetuating the environment in which Ames was able to carry out his espionage activities for nine years without detection.

The Committee is concerned about the message that Director Woolsey's mild disciplinary actions will send to the overwhelming majority of CIA employees who are dedicated, conscientious, patriotic, and hard-working professionals, many of whom are exposed daily to risk and hardship. For the current employees who were faulted by the Inspector General for their role in the Ames case to remain in their grades and positions falls far short of the level of accountability expected by the Committee. Indeed, in the wake of the Director's decision, many professionals within the Intelligence Community have contacted the Committee to register the same sentiment.

As this report documents, the failures evident in the Ames case were numerous and egregious. While it might be argued that the majority of individuals cited by the Inspector General were guilty of acts of omission rather than commission, the seriousness of these

omissions cannot be overstated. The failures of the individuals cited by the Inspector General led to the loss of virtually all of CIA's intelligence assets targeted against the Soviet Union at the height of the Cold War. Ten of these agents were executed. The inability of the CIA to get to the bottom of these losses in a timely way was itself a significant management failure.

If there is not a higher standard of accountability established by DCIs, then a repeat of the Ames tragedy becomes all the more likely. Management accountability within the Intelligence Community should be no less than the highest levels found elsewhere in the Executive branch. Director Woolsey's actions do not meet this standard.

Having noted in strong terms the magnitude of CIA's failures, the Committee would be remiss not to point out what went right. A traitor, responsible for heinous acts of espionage, was identified and convicted. He has been imprisoned for life. In the end, this was accomplished by the work of a small group of CIA and FBI personnel who took part in what became a long and arduous inquiry—for some, lasting almost nine years. At least one member of this group appears to have pushed from the very beginning to get to the bottom of the 1985 compromises. It was his impetus that eventually put the investigation back on track in 1991. Over time, the scope and pace of the investigation had taken many twists and turns, some caused by the KGB and some by internal factors beyond the control of the investigators themselves. The commentary which follows is not intended to diminish in any way what was ultimately accomplished by this dedicated group of investigators and analysts.

Finally, the Committee notes that its recommendations are based upon the situation that pertained through early 1994. Director Woolsey has promulgated some new policies since then and has announced his intention to institute still others. While the Committee believes in general that stronger measures are needed, it is too early to pass judgment on the Director's recent actions.

#### *The failure to "fix" past counterintelligence problems*

The counterintelligence function at the CIA is weak and inherently flawed. Despite repeated internal and external reports which have recognized a longstanding cultural problem with the counterintelligence function, CIA managers have, judging from the Ames case, failed to fix it.

In particular, the Committee was struck by the number of internal and external studies undertaken after 1985—which became known as the "Year of the Spy" following the exposure of spies John Walker, Ronald Pelton, Edward Lee Howard, and Jonathan Pollard—which pointed out the systemic and deeply-rooted problems in the CIA's conduct of counterintelligence.

As summarized by the recent report of the CIA Inspector General, these internal and external reports over the years focused on common themes:

That a counterintelligence career was held in low esteem at the CIA and did not attract high caliber officers. This was, in part, because officers gained promotions by agent recruitments, not by analyzing problems in recruitment operations;

That there was an ambiguous division of responsibility for counterintelligence among CIA offices;

That counterintelligence information was not being shared properly among CIA components; and

That CIA was reluctant to share counterintelligence information fully and in a timely manner with the FBI. (IG Report, pp. 16-22)

The poor state of counterintelligence at the CIA in the mid-1980s can be explained in part by the reaction to the so-called "Angleton era." James Angleton had been the head of the Counterintelligence Staff of the CIA from 1954 until 1974 (when he was involuntarily retired by DCI William Colby). He became convinced that the KGB had penetrated the CIA. Accordingly, Angleton was suspicious of virtually every Soviet agent who was recruited by the CIA and suspicious of every CIA officer responsible for such recruitment. On occasion, his suspicions led to CIA officers being fired without adequate justification.

While several of the officers who had been unjustly fired were later compensated, the counterintelligence function was effectively undermined by the negative reaction to Angleton's relentless pursuit of spies, particularly within the Soviet-East European (SE) Division of the Directorate of Operations, which had the principal responsibility for recruiting Soviet agents for the CIA.

In addition, there appears to have been an excessive focus within the Directorate on the recruitment of intelligence sources to the exclusion of counterintelligence concerns. Few officers wanted to go into counterintelligence because promotions and recognition came from successful recruitments, not from questioning, or identifying problems with, ongoing operations. Further, there was an image of a "corporate elite" constructed among these officers which led them to dismiss too readily the possibility of a spy among them.

By all accounts, these attitudes were prevalent within the Directorate of Operations at the time Ames sabotaged the Agency's Soviet operations in the summer of 1985, and they greatly contributed to management's failure to focus upon the CIA employees who had had access to the compromised cases (as explained in detail below).

The CIA made some efforts to address these shortcomings after "the Year of the Spy." In 1988, the head of the counterintelligence staff was made an "Associate Deputy Director" in the Directorate of Operations, and was double-hatted as the head of a new Counterintelligence Center (CIC). The CIA and FBI also signed a new Memorandum of Understanding (MOU) in 1988, which provided, at least on paper, for improved sharing of information in counterintelligence cases.

But these new bureaucratic "trappings" for the counterintelligence function did not overcome the fundamental problems which continued to be cited in reports issued in the 1990s. Despite the formation of a "lead office" for counterintelligence and the 1988 MOU with the FBI, the sharing of counterintelligence information between CIA components and with the FBI continued to be a serious problem, as was clearly evident in the Ames case.

In conclusion, the Committee finds that, despite repeated internal and external reports which recognized a longstanding cultural

problem in the counterintelligence function, the CIA failed to implement adequate solutions. Indeed, the Committee believes the fundamental problems persist.

*Recommendation No. 1:* The Director of Central Intelligence should revise the CIA's strategy for carrying out the counterintelligence function. The Director should institute measures to improve the effectiveness of counterintelligence to include (a) establishing as a requirement for promotion among officers of the Directorate of Operations, service in a counterintelligence or counterintelligence-related position during their careers; (2) establishing incentives for service in a counterintelligence position; (3) instituting effective and comprehensive counterintelligence training for all officers of the Directorate of Operations and for appropriate officers assigned elsewhere in the CIA; and (4) ensuring adequate access to ongoing foreign intelligence operations by those charged with the counterintelligence function. The Committee will make this a "special interest area" for purposes of oversight until it is satisfied the weaknesses noted above have been adequately addressed.

#### *The Failure to Deal with Suitability Problems*

As the Ames case all too clearly demonstrates, the CIA Directorate of Operations is too willing to dismiss, deny, or ignore suitability problems demonstrated by its officers.

From the outset of his career at the CIA, Ames demonstrated serious suitability problems which, over the years, should have led his supervisors to reassess his continued employment. These problems included drunkenness, disregard for security regulations, and sloppiness towards administrative requirements. In the years immediately before he began to commit espionage and during the rest of his career, his supervisors were aware of his personal and professional deficiencies, but did not make his problems part of his official record, nor act effectively to correct them. Despite his recognized unsuitability, there is little evidence that his assignments, activities, or access to sensitive information were in any way limited as a result.

Prior to Ames's assignment to the counterintelligence staff of the SE Division in 1983, his supervisor in Mexico City sent a message to CIA headquarters recommending that Ames be counseled for alcohol abuse when he returned. While Ames's supervisor recognized a chronic problem, the message to headquarters apparently stemmed from an incident which occurred at an official reception at the U.S. Embassy where Ames was drunk and became involved in a loud argument with a Cuban official. On another occasion, Ames was involved in a traffic accident in Mexico City and was so drunk he could not answer police question nor recognize the U.S. Embassy officer sent to help him. In fact, based upon recent interviews with his colleagues, Ames was notorious for long, alcoholic lunches, often slurring his speech when he returned to the office. None of this behavior prompted any serious effort to correct the problem while Ames was overseas, or when he later returned to CIA headquarters.

In April 1983, when CIA headquarters asked Ames's supervisors in Mexico City whether Ames qualified for a staff position in another Latin American country, they recommended against it, citing

his alcohol problem, his failure to do financial accountings, and his generally poor performance. Nevertheless, six months later, when a former supervisor of Ames requested him to fill a position in the SE Division at headquarters—the most sensitive element of the Directorate of Operations—there is no indication that Ames' alcohol problem or poor performance were ever noted. Indeed, Ames was placed in a position which provided him access to the identities of virtually all of the Soviet intelligence officers by the CIA without his new supervisors being aware of the problems he had had in Mexico City.

The alcohol abuse counseling that Ames ultimately did receive upon his return to headquarters amounted to one conversation with a counselor, who, according to Ames, told him that his case was not a serious one when compared to many others in the Directorate of Operations.

In 1983, during the assignment in Mexico City, Ames also began an extra-marital relationship with a Colombian national, Rosario Casas Dupuy (hereinafter "Rosario"), herself a recruited asset of the CIA. Over time, the seriousness of their relationship became apparent to several of Ames's colleagues, but this never led to any action by Ames's supervisors, despite the fact that CIA regulations prohibit sexual relationships with recruited assets and require that reports of "close and continuing" relationships with foreign nationals be submitted by employees. Despite the security implications of this relationship, the violation of Agency regulations was ignored.

In fact, Ames did not file an official report concerning his relationship with Rosario until April 1984, four months after she came to the United States to live with him. Indeed, it appears that until their marriage in August 1985, Ames (still married to his first wife) and Rosario continued to live together, without any perceptible concern being registered by the CIA. While the counterintelligence staff recommended in February 1985, that in view of the anticipated marriage, Ames be moved to a less sensitive position, nothing changed. Ames continued in the same position.

While his alcohol problem abated during this assignment to the SE Division—at least as a matter of attracting official attention—it resurfaced during his assignment in Rome. He was known among colleagues for his long, alcoholic lunches, for sleeping at his desk, for often slurred speech, and generally as a marginal performer. On one occasion, after an Embassy reception, he was so drunk that he passed out on a street and awakened in a hospital. While his supervisor was unhappy, this incident did not become part of Ames' record, nor does it appear that this episode led to counseling or any serious reevaluation of Ames' fitness for continued service. Indeed, the same supervisor extended Ames' tour in Rome for a third year.

Over his career, Ames repeatedly demonstrated carelessness and disdain for security requirements. In 1975, while on his way to meet a CIA source in New York, Ames left a briefcase of classified materials identifying the source on a subway train. Although the briefcase was ultimately recovered, it might well have compromised the source's relationship with the CIA. In the fall of 1984, he brought Rosario to CIA housing where CIA undercover officers were staying, in violation of security regulations. In August 1985,

he took her to the safe house where the Soviet defector Yurchenko was being debriefed, again in violation of security procedures. In Rome, he was known to prepare classified reports at home. During his assignments at CIA headquarters between 1989 and 1994, he was occasionally found in other CIA offices where he had no reason to be, and with materials he had no reason to have.

He was equally negligent throughout his career in complying with the administrative requirements imposed on officers of the Directorate of Operations, such as submitting financial accountings for the cases he was handling.

Despite these and other incidents, Ames never received a single official reprimand during his 31-year career at the CIA. Indeed, most of the incidents and shortcomings which have come to light since Ames was arrested were never made a matter of official record. Once on board, his fitness to serve in the Directorate of Operations was never reevaluated.

The Committee appreciates that intelligence officers of the Directorate of Operations are often placed in jobs and situations with stresses and strains that far exceed those of the average government employee. But these positions also demand self-control and personal discipline. Particularly in overseas assignments, it may be impossible to separate an intelligence officer's private life from his or her public, official one. A single misstep can prove his undoing or that of other officers.

It is the Committee's perception, which the Ames case confirms, that the Directorate of Operations has been far too willing to dismiss or ignore flagrant examples of personal misconduct among its officers. Excessive drinking and extra-marital relationships with sources have all too often been seen as part of the job, rather than as indicators of problems. Security concerns are too often dismissed as the bureaucratic whining of small-minded administrators. All too often an officer who has been through training, gone through the polygraph examination, and had an overseas assignment, is accepted as a "member of the club," whose fitness for assignments, promotions, and continued service becomes immune from challenge.

Director Woolsey, in a recent speech, said that the "culture" of the directorate must be changed. The Committee shares that view. Such change will not come solely by changing regulations or personnel. It will come only when supervisors at every level of the directorate take seriously their responsibilities as managers. Personal misconduct should be documented. Officers who do not meet acceptable standards of personal behavior should not be assigned to personal behavior should not be assigned to sensitive positions nor qualify for supervisory positions. Personal shortcomings should be factored into consideration of promotions and bonus awards. While officers with personal problems should be given an opportunity, as well as appropriate assistance, to rehabilitate themselves, failing that, their employment with the directorate, if not with the Agency itself, should be terminated.

*Recommendation No. 2:* The Director of Central Intelligence should ensure that where evidence of suitability problems comes to the attention of supervisors, it is made a matter of official record and factored into the consideration of assignments, promotions, and

bonus awards; that efforts are made to counsel and provide assistance to the employee where indicated, and, if the problem persists over time, the employment of the individual is terminated. The Committee will make this a "special interest area" for purposes of oversight until it is satisfied these policies have been instituted and are being observed within the Directorate of Operations.

*Recommendation No. 3:* The Director of Central Intelligence should, in particular, take prompt and effective action to deal with what appears to be a widespread problem of alcohol abuse by ensuring that CIA employees experiencing such problems are identified and are put into effective counseling and/or treatment. During this period, these employees should be suspended from their duties until they have demonstrated to a qualified professional their fitness to return to service. Should their problems continue, their employment should be terminated.

*Recommendation No. 4:* The Director of Central Intelligence should institute, consistent with existing legal authority, an "up or out" policy for employees of the CIA, similar to that of the Foreign Service, without waiting for the report required by section 305 of the Intelligence Authorization Act for Fiscal Year 1995, pertaining to the Intelligence Community as a whole. Chronically poor performance should be grounds for dismissal from the Agency. If the Director decides not to institute such a policy and does not provide a persuasive rationale to the Committee for his decision, the Congress should enact legislation requiring such a policy during the next Congress.

*Recommendation No. 5:* The Director of Central Intelligence should review and revise the performance appraisal reporting system of the CIA, to include a review of the factors upon which employees are rated and the grading system which now exists, to institute a system which reflects more accurately job performance. Where supervisors are concerned, their rating should include an assessment of how well they have supervised the performance and development of their subordinates.

#### *The failure to coordinate employees' operational activities*

The Ames case provides a striking example of CIA supervisors failing to critically evaluate the contacts of an operations officer—with known personal shortcomings and in an extremely sensitive position—with Soviet officials in 1984 and 1985. Further, the fact that Ames virtually ceased submitting reports of such contacts, in violation of standard Agency procedures, never became known to his SE Division supervisors or made part of his official record.

In 1984, while occupying a position within the SE Division which gave him access to the identities of Soviet agents working with the CIA and FBI, Ames, with the approval of his immediate supervisor, began making contacts with Soviet Embassy officials in Washington, D.C. According to testimony received by the Committee, it was not infrequent that Directorate of Operations Officers at CIA headquarters were asked to "help out" other CIA elements that had responsibility for establishing relationships and maintaining contacts with foreign individuals located in the Washington area.

The Committee has been advised that Ames's senior supervisors in the SE Division were unaware that he was having these meetings and would have disallowed them had they known.

In any event, to permit a person in Ames's position, and someone with the personal and professional shortcomings already noted, to meet alone with Soviet Embassy officials substantially increased the risk of the disaster that eventually occurred. It provided Ames with an opportunity that he otherwise may not have had, or may have had difficulty in contriving on his own.

After June 1985, after his espionage activities had begun, Ames repeatedly failed to submit reports of his contacts with Soviet officials. While his failure prompted complaints from the FBI, the CIA element that Ames was supporting failed to bring this to the attention of his supervisors in the SE Division, nor was it reflected in his official record. Again, had Ames' SE Division supervisors been aware of his failure to file these reports, it may have alerted them to a possible problem. Since the advancement of Directorate of Operations officers depends upon their official reporting, the failure to file such reports should have suggested something was amiss.

A similar failure occurred during his assignment in Rome. While his supervisor was aware that he was meeting along with Soviet officials in Rome (one of whom was Ames' KGB contact), Ames explained his failure to file reports of such meetings on the basis that he had obtained little worthwhile information. This apparently was enough to satisfy the supervisor.

*Recommendation No. 6:* The Director of Central Intelligence should revise the policies and procedures governing the operational activities of CIA officers to ensure that these activities are better supervised, controlled, coordinated, and documented.

*The failure to apply a structured methodology to the investigation of intelligence compromises*

The most puzzling deficiency in the Ames case was the failure, in the wake of the 1985-86 compromises, to aggressively investigate the possibility that CIA had been penetrated by a KGB spy.

Certainly by the fall of 1986, the CIA was aware that it had suffered a disaster of unprecedented proportions which was not explained by the defection of Edward Lee Howard. Within a matter of months, virtually its entire stable of Soviet agents had been imprisoned or executed. In the days of the Cold War, Soviet operations represented the Agency's principal *raison d'être*. There were no operations which had greater importance to its mission. The CIA was left virtually to start from scratch, uncertain whether new operations would meet the same fate as its old ones.

To be sure, these compromises involved extremely sensitive agents. There was a need for discretion in terms of how the matter was handled. But this does not explain or excuse the Agency's tentative, tepid response. Initially, some CIA officers could not believe that the KGB would "roll up" all of CIA's sources at once if the KGB had a source in the CIA who was still in place. Taking some comfort that new operations appeared to be surviving, some believed the problem had gone away. But this in no way explains the seeming lack of urgency to get to the bottom of what had gone so drastically wrong.

The obvious place to begin would have been with the CIA employees who had had access to the information which had been compromised. At least one official in the SE Division made a strong plea to his supervisors at the time that they needed to "investigate it, not study it." But this did not happen. The CIA task force created in October 1986, undertook what was largely an analytical review of the compromised cases. The task force did oversee an Office of Security review of personnel who had served in Moscow, but no broader examination was made of all CIA officers who had had access to the compromised cases. No systematic effort was made to identify and investigate problem employees and their activities, as was eventually done in 1991-92.

Later, the CIA came to suspect that the KGB was running ploys against them, purposely suggesting reasons for the compromises other than a penetration of the CIA itself. Even then, however, any sense of urgency was lacking. CIA analysts waited for things to happen, for more information to surface. They continued to analyze and conjecture. There was no clear sense of purpose, no clear methodology, and no clear sense of what was required to get to the bottom of the compromises.

In a related counterintelligence investigation of a report suggesting that the KGB may have recruited a source in a particular office in the CIA, a CIA investigator conducted a systematic investigation of over 90 employees who were assigned to that office. The inquiry took more than year. But investigators did not conduct the same type of inquiry of the CIA employees who had had access to the information that was actually compromised in 1985 until 1991-1992.

The FBI was officially brought into the case in October 1986, when the CIA learned that two sources recruited by the FBI had been compromised. But the two agencies worked their investigations separately, despite the likelihood that the compromises were caused by the same source (whether it be human or technical).

While the FBI and CIA task forces regularly exchanged information on the compromises and on the progress of their respective analyses, they never performed a systematic assessment, together, of the CIA employees who had had access to the compromised information, until mid-1991.

Why CIA management during the 1986-1991 period did not attach more importance or urgency to getting to the bottom of the 1985 compromises is incomprehensible to the Committee. While CIA Director William Casey and Deputy Director for Operations (DDO) Clair George, who were in office at the time the compromises occurred, reportedly regarded them as "a huge problem," the Agency's response was to create a 4-person team to analyze the problem. No one believed there was a basis for bringing in investigators from the FBI at this juncture, apparently because CIA was unable to pin responsibility on a particular CIA employee.

While Casey and George became deeply enmeshed in the Iran-contra scandal in the fall of 1986 and spring of 1987, this circumstance does not explain, in the view of the Committee, why a problem so close to the heart of the CIA's mission was not given more attention by senior management. Indeed, once Casey and George departed the scene, it does not appear that their successors—either as DCI or as DDO—gave the inquiry any particular

emphasis or priority. DCI William Webster, his deputy Robert M. Gates, and the new DDO Richard Stolz were briefed on the compromises in 1988, but did not delve deeply into either the nature of the problem (which was now several years old) or what the Agency was doing to resolve it.

Due to the extraordinary sensitivity of this inquiry, there was only one junior investigator from the Office of Security assigned to the case from 1985 until 1991. He was responsible for investigating all counterintelligence leads and reports coming in which involved CIA employees. After he began to develop information regarding Ames' unexplained affluence in the fall of 1989, he was diverted from this investigation for a nine-month period, first for training and then to handle other leads. There was no one else assigned to pick up the Ames leads. Nor was consideration given to having the FBI pick up the leads, despite the fact that the information now focused upon a particular CIA employee within the United States.

While the Committee believes that the investigator in question made a good faith effort to work the leads he was given, he was essentially self-trained and, because of the compartmented nature of the investigation, was given very little help and guidance. Overworked and overloaded, he did not use all of the investigative techniques he might have utilized to get at Ames' financial situation. Indeed, the statutory authority invoked by the CIA in 1992 to obtain access to Ames' bank records was available to the Agency in 1989. Had this authority been utilized at the time information was received concerning Ames's unexplained affluence, it might well have led to his detection at a much earlier stage. The investigator also apparently made no effort to develop information regarding Ames's unexplained affluence during his assignment in Rome. Efforts to verify the financial condition of Ames's in-laws in Bogota were shoddy and ineffective, producing inaccurate information which supported rather than exposed Ames's contrived explanation.

The Committee does not think it fair to hold the investigator assigned to the case solely responsible for these failures. CIA managers simply failed to assign enough investigators to such an important task and failed to provide them with sufficient legal and administrative support to ensure that all appropriate avenues would be explored and all appropriate investigative authorities utilized. Since the professional investigative expertise of the FBI was effectively spurned during this period, insufficient resources and expertise were brought to bear on the case.

The Committee believes that those in charge of the CIA during the 1986-1991 period—Director William Casey, Acting Director and later Deputy Director Robert Gates, Director William Webster, and Deputy Director and later Acting Director Richard Kerr—must ultimately bear the responsibility for the lack of an adequate investigative response to the 1985 compromises. Whatever they may have personally understood the situation to be, they were in charge. It was their responsibility to find out what was being done to resolve the 1985 compromises. Based upon the information available to the Committee, they failed to do so.

Their failure is especially disheartening when one realizes that the information developed in August 1992, which finally focused the investigation on Ames—correlating his bank deposits in 1985

and 1986 with his meetings with Soviet officials—was available to investigators since 1986. Unfortunately, no one asked for it, even when alerted to Ames's unexplained affluence in October 1989.

Although the 1985–86 compromises represented a unique situation for the CIA, the Ames case demonstrates the lack of a clear *modus operandi* for dealing with situations where intelligence sources are known to have been compromised.

*Recommendation No. 7:* The Director of Central Intelligence should establish procedures for dealing with intelligence compromises. At a minimum, these procedures should entail a systematic analysis of all employees with access to the relevant information and, if suspects are identified, provide an investigative methodology to determine whether there is evidence of unexplained affluence, unreported travel, unreported contacts, or other indicators of possible espionage. This type of systematic analysis should begin when a known compromise occurs, not after CIA has eliminated the possibility of a technical penetration, or after CIA has narrowed the range of possible suspects to one or two employees. Analysis and investigation should be undertaken on the basis of access and opportunity, and should not be delayed waiting for evidence on culpability.

*Recommendation No. 8:* Pursuant to section 811 of the Intelligence Authorization Act for Fiscal Year 1995, the FBI should be notified immediately of any case where it is learned that an intelligence source has been compromised to a foreign government, regardless of whether the CIA believes at the time that there is a basis for an FBI counterintelligence or criminal investigation of a particular employee or employees. The CIA should also coordinate with the FBI subsequent investigative actions involving employees potentially involved in the case in order not to prejudice later criminal or counterintelligence activities of the FBI and in order to benefit from the investigative assistance and expertise of the FBI.

*Recommendation No. 9:* The Director of Central Intelligence should require that all employees assigned as counterintelligence investigators have appropriate training, experience, and supervision which ensures, at a minimum, such investigators will be familiar with, and know how to utilize, the investigative authorities available to the CIA and the FBI.

*Recommendation No. 10:* CIA management must ensure that adequate analytical and investigative resources are assigned to counterintelligence cases, and that other kinds of staff assistance (e.g., legal support, administrative support) are made available. In turn, those involved in these cases must ensure that their needs are communicated to their supervisors. The Inspector General of the CIA should periodically assess the counterintelligence cases of the CIA to ensure that adequate resources are being afforded to particular cases.

*Recommendation No. 11:* The status of significant counterintelligence investigations must be regularly briefed to senior Agency officials, including the Director of Central Intelligence. Such briefings should include an explanation of the resources and expertise being brought to bear upon a particular case.

*The failure to expedite the inquiry after 1991*

The period after the CIA and FBI decided to join forces in June 1991—compared with the period between 1985 and 1991—was relatively intense and focused. For the first time, investigators conducted a systematic review of the CIA employees who had had access to the compromised information, and there was an intensive, productive effort to link Ames and other priority suspects to the compromises.

Yet even during this phase, the investigation took an inordinate amount of time and was plagued by past inefficiencies. The joint investigative unit still had only four people (two from each agency); and there was still a lone CIA investigator working with them. While members of the joint investigative unit did obtain support from the CIA Office of Security and the FBI Washington Metropolitan Field Office, they were still but a few people carrying an extraordinarily demanding workload.

In August 1991, the joint investigative unit developed a list of 29 CIA employees for priority scrutiny. Ames was at the top of the list.

Yet the first letters to go out to financial institutions requesting access to Ames's financial records did not go out until June 1992, almost 10 months later.

In August 1992, when investigators correlated the records of Ames's bank deposits with what was known about Ames's 1985 meetings at the Soviet Embassy, the joint investigative unit suspected they had their man. When they learned in October of Ames's Swiss bank accounts, their suspicions were confirmed.

But according to the Inspector General's report, this crucial information was not presented to FBI headquarters until January 1993. It was explained to the Committee that the joint investigative unit was looking at possible suspects in addition to Ames. But this still does not explain why significant information pertaining to Ames was not passed contemporaneously to the FBI, particularly given the presence of two FBI agents on the joint investigative unit.

On the basis of the work of the joint investigative unit—which culminated in the March 1993 Skylight/playactor report—the FBI assembled an investigative team and tasked the team members to acquaint themselves with the facts. The FBI began an intensive investigation of Ames shortly thereafter. The Committee was advised in the course of its investigation that FBI headquarters had determined that the earlier information developed on Ames by the joint investigative unit did not meet the standards for an intensive FBI investigation. The Committee believes, however, that there was ample evidence by October 1992, to reasonably suggest that Ames was acting in 1985 (and thereafter) as an agent of the Soviet Union. The FBI's hesitation resulted in a six-month delay before the FBI began to apply the full array of its investigative capabilities against Ames. Once applied, they produced impressive results. Indeed, the FBI investigative team from the Washington Metropolitan Field Office, together with the CIA, did a superb job in bringing the investigation to a successful conclusion.

*Recommendation No. 12:* The Director of the FBI should ensure that adequate resources are applied to counterintelligence cases involving the CIA and other federal agencies, and that FBI headquarters is apprised immediately of significant case developments which could form the basis for the FBI's opening an intensive counterintelligence investigation.

*Recommendation No. 13:* The Attorney General and the Director of the FBI should review the FBI's guidelines for the conduct of counterintelligence investigations to determine whether clearer guidance is needed in determining whether a subject of a counterintelligence inquiry is acting as an agent of a foreign power.

*Failure to restrict the assignments and access to suspects in counterintelligence cases*

The Ames case reveals glaring weaknesses in the CIA's procedures for dealing with the career assignments of employees who are under suspicion for compromising intelligence operations. The CIA failed to restrict Ames's assignments and access even after information surfaced in 1989 which indicated Ames was a possible counterintelligence problem.

In September 1989, after a poor tour in Rome, which was known to the managers in the SE Division, his SE superiors allowed Ames to return to the SE Division and assigned him to the office supporting to all Soviet and East European operations in Europe, a position affording him broad access to sensitive information. He remained assigned to the SE Division until August 1990. During this period, investigators learned about Ames's unexplained affluence and developed information regarding several large bank deposits and a particularly large currency exchange. Yet none of this appears to have had any bearing on Ames's continued assignment or access during this period.

In fact, at the end of this assignment, notwithstanding his own poor performance record (he was then ranked 3rd from the bottom among 200 officers in his rating group), Ames was appointed to serve on a promotion board for mid-level CIA operations officers. This assignment gave him access to the personnel records of an entire class of mid-level CIA operations officers.

In October 1990, SE Division managers reassigned Ames to the Counterintelligence Center (CIC) because he had performed poorly and they wanted him out of the Division. Apparently, supervisors in the CIC knew Ames was a poor performer and were aware that questions had been raised about his unexplained affluence. Yet they believed they could manage the problem. After his arrest, these officials recognized that Ames' position had given him access to data which identified virtually every double agent operation controlled by the United States. It is unclear how or why this access was permitted. It is clear that despite the security concerns raised about Ames, his CIC supervisors did not ascertain or evaluate the extent of his access at the time.

In April 1991, while Ames was assigned to the CIC, the Office of Security carried out an updated background investigation of Ames. The results of this investigation were evaluated and shared with the investigator assigned to the special task force. Reflecting interviews with his co-workers in Rome and his Arlington, Virginia

neighbors, the investigation produced information that Ames had frequent contacts in Rome with Soviet and East European officials not fully explained by his work requirements, frequently violated security regulations by leaving his safe open and doing classified work at home, and lived far beyond his CIA salary in both Rome and Arlington. (One of those interviewed went so far as to say that he would not be surprised if Ames were a spy.)

Inexplicably, the CIA security officer who reviewed the investigative report evaluated it as "raising no CI concerns," and the task force investigator assigned to the case did not regard the report as providing any new information. Ames retained his security clearance and his job in the Counterintelligence Center, and no further action was taken to follow-up on the information developed in this report. Indeed, the special task force members viewed the investigative report, together with the favorable results of the April 1991, polygraph, as giving Ames "a clean bill of health."

In September 1991, despite having been "booted out" of the SE Division a year earlier, and despite the special task force inquiry then underway, Ames was allowed to return to the SE Division to conduct a special study of the KGB. While the study itself did not call for particularly sensitive access, Ames once again was given access to the personnel and records of the SE Division.

In December 1991, he was assigned to the Counternarcotics Center (CNC) where he remained until his arrest in 1994. This apparently was the first assignment made on the basis of the security concerns about Ames. But due to the sensitivity of the investigation into the 1985-86 compromises, CNC senior managers were not told of the investigation or the suspicions about Ames until the beginning of the FBI's intensive investigation in 1993. Even then, there was little or no effort made to evaluate and control the extent of Ames' access to classified information. Indeed, investigators later learned that Ames had computer access to a vast range of classified information that did not pertain to counternarcotics. Moreover, when a computer upgrade was installed in November 1993, it provided Ames with the capability to "download" vast quantities of information onto computer discs which he could take out of the building. Fortunately, Ames was arrested before he was able to pass these discs to his KGB handlers. But the fact that he was provided this capability at all at a time when his arrest was imminent is indicative of the CIA's lack of attention to this security problem.

*Recommendation No. 14:* The Director of Central Intelligence should establish procedures to inform current and prospective supervisors about employees under suspicion in counterintelligence cases. While the need to protect the secrecy of the investigation is essential, as well as the need to protect the employees themselves from unfair personnel actions, the assignment of employees under suspicion without frank consultations at the supervisory level increases the likelihood of serious compromises and leads to conflict between CIA elements.

*Recommendation No. 15:* The Director of Central Intelligence should issue procedures to require, in any case in which an employee is under suspicion for espionage or related activities, that a systematic evaluation be made of the employee's access to classified information, and that appropriate and timely actions be taken to

limit such access. While care must obviously be taken to ensure that such actions do not tip off the employee that he or she is under suspicion, the failure to evaluate the access of an employee in these circumstances may eventually result in damage that might have been prevented.

*Recommendation No. 16:* The Director of Central Intelligence should establish more stringent criteria for CIA employees serving on promotion and assignment boards, which, among other things, prevent the appointment to such panels of employees with poor performance records or records of suitability problems.

### *Deficiencies in security procedures*

The Ames case demonstrated numerous deficiencies in the CIA's use of the polygraph, its control over classified documents and materials, and its coordination of security and counterintelligence functions.

### *The polygraph*

Ames was able to pass polygraph examinations in 1986 and 1991 with relative ease. Although deeply involved in espionage activities, he was able to answer questions such as whether he worked for a foreign intelligence service, or had contacts with foreign nationals which he failed to report, without showing signs of deception.

The CIA Inspector General's report faults the 1986 examination, finding that the examiner was "too chummy" with Ames. When Ames showed a slight reaction to a question asking whether he had ever been "pitched," i.e., asked to work for a foreign intelligence service, the examiner appeared to readily accept his explanation that he was concerned about being "pitched" in his upcoming assignment in Rome.

The 1991 polygraph examination, according to the Inspector General's report, was deficient in that the examiners (there were two separate sessions) were not sufficiently familiar with the existing information on Ames' unexplained affluence, or with the information developed in the April 1991, background investigation of Ames. The examination was also deficient in that the investigator assigned to the special task force had not participated directly in the examination process, and there had been no prior planning in terms of how the CIA would handle the situation if Ames suddenly made damaging admissions.

According to Ames's debriefings, he did not take drugs or use any particular technique to pass the polygraph examinations. Acting on the advice of the KGB, he tried only to be cooperative and stay as calm as he could. Since he was acquainted with how polygraph examinations were conducted, he also was able to manipulate the process to prevent a "problem" from arising.

If Ames's account is true, it seems to indicate problems beyond those cited by the Inspector General's report, i.e. that examiners should be better informed and prepared. Indeed, it suggests that the CIA's reliance on the results of polygraph examinations needs to be far more circumspect than in the past.

*Recommendation No. 17:* The Director of Central Intelligence should tighten polygraph procedures to make the polygraph more

useful. Such procedures should include random examinations instead of exams at regular intervals, with little or no prior notice, and variations in the polygraph technique. These procedures should also ensure that polygraph examinations involving employees under suspicion are carefully planned and constructed, and that appropriate prior notification is made to the Federal Bureau of Investigation if such cases have potential criminal implications. In addition, the Director should review the policies applicable to the training, supervision, and performance appraisal of polygraph examiners to ensure that polygraph examinations are conducted in a professional manner and produce optimum results.

*Recommendation No. 18:* The Director of Central Intelligence should institute a fundamental reevaluation of the polygraph as a part of CIA's security program. As the Ames case demonstrates, the polygraph cannot be relied upon with certainty to detect deception. This necessarily puts far more reliance on other aspects of the security process, e.g., background investigations, supervisory reporting, psychological testing, financial reporting, etc. The DCI's review should also include a reevaluation of the use of inconclusive polygraph test results. Even where the polygraph does indicate deception, such information is often useless unless damaging admissions are also obtained from the subject. The Committee believes that if an employee with access to particularly sensitive information does not make such admissions but continues to show deception to relevant questions after adequate testing, there should be additional investigation of the issues in question to attempt to resolve them. Should such investigation fail to do so, the CIA should have the latitude, without prejudice to the employee, to reassign him or her to less sensitive duties.

#### *Control of Classified Documents and Materials*

The Ames case also demonstrated gaps in the control of sensitive classified information. Ames was able—without detection—to walk out of CIA headquarters and the U.S. Embassy in Rome with bags and envelopes stuffed with classified documents and materials. Many of the classified documents he passed to his KGB handlers were copies of documents that were not under any system of accountability. Ames did not even have to make copies of them. In his last job in the Counternarcotics Center at the CIA, Ames was able to “download” a variety of classified documents onto computer discs and then simply remove them to his home. When he attended a conference in Turkey in 1993, he brought a lap-top computer to do work in his hotel room. This apparently raised no security concern among those familiar with the incident. He was also able to visit offices he had no reason to be in, and gain access to information he had no business seeing.

In the late 1970s, the CIA instituted a policy calling for random and unannounced spot-checks of personnel leaving Agency compounds. But the policy was discontinued soon thereafter due to the inconvenience caused to those subject to such searches.

Ames recounted later that his KGB handlers were amazed at his ability to gain access to sensitive operations and take large bundles of classified information out of CIA offices without arousing suspicion, a sad commentary on the laxness of security at the CIA.

*Recommendation No. 19:* The Director of Central Intelligence should reinstate the policy making persons leaving CIA facilities subject to random searches of their person and possessions, and require that such searches be conducted unannounced and periodically at selected locations. Such searches should be conducted frequently enough to serve as a deterrent without unduly hampering the operation of the facilities involved.

*Recommendation No. 20:* The Director of Central Intelligence should institute computer security measures to prevent employees from being able to "download" classified information onto computer diskettes and removing them from CIA facilities. In addition, existing policies for the introduction, accountability, dissemination, removal, and destruction of all forms of electronic media should be reevaluated. The ability of the CIA's security managers to "audit" specific computer-related functions in order to detect and monitor the actions of suspected offenders should be upgraded.

*Recommendation No. 21:* The Director of Central Intelligence should institute a policy requiring employees to report to their supervisor any instance in which a CIA employee attempts to obtain classified information which the CIA employee has no apparent reason to know. In turn, supervisors should be required to report to the CIA Counterintelligence Center any such case where a plausible explanation for such a request cannot be ascertained by the supervisor.

*Recommendation No. 22:* The Director of Central Intelligence should institute new policies to improve the control of classified documents and materials within the CIA. In particular, the Directorate of Operations should undertake an immediate and comprehensive review of its practices and procedures for compartmenting information relating to clandestine operations to ensure that only those officers who absolutely need access can obtain such information. Further, the Directorate should establish and maintain a detailed, automated record of the access granted to each of its employees.

### *Coordination of security and counterintelligence*

The Ames case demonstrated a serious division between security and counterintelligence activities in the CIA. Even though an investigator from the Office of Security (OS) participated in the investigation of the 1985-86 compromises under the auspices of the Counterintelligence Center (CIC), he failed to coordinate properly with OS with respect to Ames' 1991 polygraph examination. OS had initiated a background investigation of Ames in March 1991, but went ahead with the polygraph in April without the benefit of the background investigation. As it turned out, the background investigation provided significant information about Ames that was largely ignored by the investigator assigned to the CIC in light of Ames's passing the polygraph examination.

Citing senior security officials, the Inspector General's report noted there had always been a "fault line" in communications between the CIC and its predecessors, and the OS. The CIC had not always shared information regarding its counterintelligence investigations and had failed to make use of OS's investigative expertise. Indeed, the search to find the cause of the 1985 compromises

might have moved more quickly from analysis to investigation if there had been better coordination between security and counterintelligence.

The Inspector General's report also found "a gradual degradation" of the resources and authority given the security function since 1985, concluding that "this degradation has adversely affected the Agency's ability to prevent and deter activities such as those engaged in by Ames. . . ." The Committee shares the view that this decline has been too great too precipitous. The Committee had recommended an increase in personnel security funding for the CIA and other agencies for Fiscal Year 1995, but was unable to sustain its initiative due to the lack of interest shown by the agencies involved.

Responding to the continuing problem of CIA offices failing to share pertinent information on CIA personnel with one another, Director Woolsey recently created a new Office of Personnel Security that combines elements of the old Office of Personnel, the Office of Medical Services, and the Office of Security. While this consolidation may facilitate the sharing of information regarding suitability problems, it may also hamper the exchange of counterintelligence information from the CIC and may further dilute the security function, particularly the expertise of security investigators.

The Committee believes that the personnel security function should be preserved with a separate office. Routine monitoring of Agency employees from a security perspective remains an important function and one that must be accomplished without carrying a presumption that persons are under suspicion. An effective personnel security program would deter potential traitors, limit the burden on counterintelligence investigators and result in faster, more effective counterintelligence investigations.

*Recommendation No. 23:* The Director of Central Intelligence should reexamine the decision to combine the Office of Security with the other elements of the CIA's new personnel center, and should ensure sufficient funding is provided to the personnel security function in Fiscal Year 1995 and in future years. The Director should also clarify the relationship between security and counterintelligence, specifying their respective functions and providing for effective coordination and cooperation between them.

#### *Failure to advise the Oversight Committees*

The CIA failed to notify the congressional oversight committees in any meaningful way of the compromises of 1985-1986, as required by applicable law.

Indeed, in the hearings held annually on counterintelligence matters and in numerous staff briefings on the subject from 1985 until 1994, the massive compromises of 1985-86 were never once mentioned by representatives of the CIA or the FBI.

Based upon the recollections of individuals, there were two occasions when the 1985-86 compromises were alluded to in discussions with Members or staff of the Senate Select Committee on Intelligence (SSCI). The first mention came during a staff visit to Moscow in December 1988. The second occurred in 1992 during a visit to Moscow by two Members of the Committee. But on each occasion, the information provided was fragmentary and anecdotal

and did not specifically address what was being done by the CIA about the problem. Informal staff efforts to follow-up on each of these conversations were put off by the CIA.

The Committee strongly believes that both the CIA and the FBI had an obligation to advise the oversight committees at the time of the 1985-86 compromises. Section 502 of the National Security Act of 1947 specifically requires intelligence agencies to report to the oversight committees "any significant intelligence failure." The compromises of 1985-86 resulted in a virtual collapse of CIA's Soviet operations at the height of the Cold War. According to the SE Division officer's memorandum of November, 1986, the evidence was at that point "overwhelming" and clearly indicated a problem of disastrous proportions. The oversight committees were responsible for funding the activities of the Directorate of Operations. They should have been formally notified pursuant to section 502 of the National Security Act of 1947.

*The need for continued follow-up*

Many of the problems identified by the Committee are deep-seated and pervasive, and will not be solved easily or quickly. Yet these problems are too important and too integral to the functioning of an agency with important national security responsibilities not to merit continuing and intensive scrutiny by both CIA managers and the congressional oversight committees.

While the Committee intends to make the CIA's response to this report an area of "special oversight interest" in the years ahead, the Committee also directs the Inspector General of the CIA to provide the Committee, through the Director of Central Intelligence, with a report no later than September 1, 1995, and annually thereafter, on the CIA's progress in responding to the recommendations contained in this report and to the continuing counterintelligence and security challenges that the CIA faces.

## ADDITIONAL VIEWS OF SENATOR HOWARD M. METZENBAUM

The Aldrich Ames case is a saga of the foulest betrayal, in which one man's weakness and greed caused the tragic sacrifice of the well-being and, in some cases, the very lives of U.S. agents. It is also a tale, however, of both individual and systemic incompetence. As such, it is one of those crises that test the mettle of an organization's employees and leaders.

The employees of the Central Intelligence Agency and other elements of the U.S. Intelligence Community have responded to this case with perseverance and patriotism. Despite their shock over both the fact of a Soviet penetration and the revelation of the many secrets lost as a result, the men and women who devote their lives to U.S. intelligence have continued their excellent work through months of deep sadness and concern. They have also accepted with equanimity the new intrusions upon their personal privacy—periodic financial reporting and government access to their financial and travel records—that Congress and the Administration agree are necessary to help protect against future betrayals of secret information by the minuscule proportion of intelligence personnel who might violate the trust of their country.

The response of Intelligence Community leaders has been mixed at best, and some of that response is deeply troubling to this senator. When the Ames case first broke, the Director of Central Intelligence stoutly denied that any malfeasance on the part of his agency had contributed to Ames's ability to steal their secrets for so long. Other CIA officials tried to downplay the significance of Ames's personal failings and of the Agency's failure to deal with his many security infractions and violations of Agency regulations.

Over the past seven months, as successive impartial inquiries turned up further evidence of incompetent management both of Rick Ames and of the effort to track down the penetration of CIA, Agency leaders have at length taken a variety of steps to deal with the systemic deficiencies that contributed to this terrible failure. While it is too early to judge the wisdom of all those steps, the Agency's eventual willingness to try new approaches is most welcome.

On the matter of personal responsibility, however, CIA leadership has been sadly lacking. After a seven-month delay while the Ames prosecution and then the CIA Inspector General's investigation proceeded, the Director was given a list of 23 persons against whom, in the eyes of the Inspector General, personnel action appeared warranted. The Director agreed to take action against only 10 of those persons (plus one other person not specifically cited in the Inspector General's report), notably taking no action at all regarding two very senior officials. Most surprisingly, the only action taken against anybody was letters of reprimand. Not one person

was fired, demoted, suspended, or even reassigned, although four retired or retiring employees were barred from receiving CIA contracts. As the Committee's report correctly notes, this action hardly supports the emphasis on management accountability that the Director had himself proclaimed in testimony to this Committee.

The actual letters of reprimand sent by the Director also fail, in the view of this senator, to convey properly the message of accountability that every bureaucracy needs to hear. Nearly all of them include laudatory or exculpatory passages regarding the persons whom the Director decided to discipline. The Director's testimony to the Committee on that matter was highly misleading, moreover, as he claimed that only "two or three" letters contained such passages.

In light of the mixed message sent by the Director's letters of reprimand, it should come as no surprise that two senior CIA officials may have misperceived his forbearance as permitting them to give a plaque to one retiring CIA official for his fine service in positions other than those in which his malfeasance had occurred. The Director's subsequent action to reassign the two officials, which led to their decisions to retire rather than accept that action, may finally send a needed message of firmness. It also leaves the troubling question, however, whether a blunder regarding a plaque for a retiring official truly merits more severe punishment than actions that permitted a clearly and horribly flawed employee to hold sensitive Agency positions even as he betrayed U.S. operations and personnel over many years. Had the Director been stronger and more forthright in his handling of the Ames case itself, he and his agency would likely have been spared this unfortunate fallout.

These events illustrate why the Director has lost the confidence of this senator, who has urged the President to relieve the Director of his current duties.

HOWARD M. METZENBAUM.

## PART THREE; APPENDICES

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### APPENDIX 1

U.S. SENATE,  
SELECT COMMITTEE, ON INTELLIGENCE,  
Washington, DC, February 23, 1994.

Hon. FREDERICK P. HITZ,  
*Inspector General, Central Intelligence Agency, Washington, DC.*

DEAR MR. HITZ: It was with regret and concern that we learned of the arrest this week of CIA employees, Aldrich Hazen Ames, and his wife, Maria Del Rosario Casas Ames, on charges of espionage. Based upon the length and nature of Mr. Ames' employment and his access to sensitive information, it is clear that the CIA may well have experienced an unprecedented breach of security.

The Committee is naturally concerned about how this might have happened and whether changes in existing security procedures at the CIA are called for. While we recognize the need to refrain from investigative actions which would complicate or interfere with the ongoing criminal investigation, we strongly believe that an Inspector General inquiry is needed to address these concerns.

Accordingly, we request that you undertake such an inquiry, in coordination with the Department of Justice, at the earliest appropriate opportunity and that you apprise this Committee of your results.

We are by copy of this letter advising the Director of Central Intelligence of this request, trusting that such an inquiry would serve the Agency's interests as well.

Sincerely,

DENNIS DECONCINI,  
*Chairman.*  
JOHN W. WARNER,  
*Vice Chairman.*

## APPENDIX 2

DECEMBER 5, 1990.

Memorandum for: [Deleted.] Office of Security  
From: [Deleted.] Counterintelligence Center

1. In connection with our investigation into the compromise of a number of SE Division operations during the mid-1980's, we request that the Office of Security open a reinvestigation on Aldrich H. Ames and review the records of his account at Northwest Federal Credit Union. Our request is based on our receipt of information concerning Ames' lavish spending habits over the past five years. Ames is an SE Division Operations Officer currently assigned to the Counterintelligence Center. While serving in SE Division, he had access to a number of operations that were later compromised. He was favorably polygraphed on 2 May 1986.

2. The Counterintelligence Center has learned the following information about Aldrich Ames and his spouse, Rosario C. Ames:

On 6 September 1989, Ames and his spouse purchased a home located at 2312 N. Randolph St., Arlington, VA. The home was purchased for \$540,000. There is no record of a mortgage or lien filed with Arlington County. A credit check conducted in September 1990 also failed to disclose a mortgage. Ames and his spouse lived in an apartment prior to the purchase of the above home.

In November 1989, [Deleted] Ames was renovating the kitchen of his new home and redecorating. [Deleted], Ames was sparing no expense.

Upon his return from Rome (July 89), Ames purchased a white Jaguar, Virginia license number QHI319. The automobile is valued at approximately \$49,500. Purchased price and place of purchase are unknown.

[Deleted], on 1 August 1989, Ames exchanged \$22,107 worth of Italian Lira at First Virginia Bank, Arlington, VA (that's approximately 28,363,281 Lira).

[Deleted], on 18 February 1986, Ames deposited \$13,500 into checking account number 183-40-150 at Dominion Federal Bank, Vienna, VA.

[Deleted], on 18 October 1983, Ames deposited \$15,660 in checking account 183-40-150 at Dominion Federal Bank, Vienna, VA.

3. While we are certainly concerned with the above information, there may be a logical explanation for Ames's spending habits. Between 1985 and 1990, Ames mother died. We do not know if Ames received any money or property via insurance or inheritance. A review of public records in the country where his mother lived could answer the question of inheritance. Unfortunately, we do not know the location of his mother's last residence. We have been informed that Ames's mother obituary was listed in the Washington Post.

She was formerly employed as a teacher in Fairfax County. [Deleted] she lived in North Carolina.

4. The money could also have come from his in-laws. Ames's in-laws were well connected politically in Colombia. Rasario was formerly the Protocol Officer for the Colombian Embassy in Mexico City. She was directly appointed to that position by the President of Colombia.

5. The deposits made into Ames's checking account could be explained by loans he may have received from Northwest Federal Credit Union. [Deleted.]

6. There is a degree of urgency involved in our request. Since Ames has been assigned to CIC, his access has been limited to a degree. Unfortunately, we are quickly running out of things for him to do without granting him greater access. It is our hope to at least get Ames through polygraph before we are forced to take such action.

7. If you have any questions regarding this investigation, please contact [deleted]. We appreciate your assistance in this matter. [Deleted.]

[Deleted.]

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U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
*Washington, DC, March 9, 1994.*

Hon. R. JAMES WOOLSEY,  
*Director of Central Intelligence, Central Intelligence Agency, Washington, DC.*

DEAR MR. WOOLSEY: Reference is made to the letter of February 23, 1994, to the Inspector General (IG) of the CIA, requesting that he undertake an inquiry into the counterintelligence and security aspects of the Ames case, a copy of which was furnished you.

Over the weekend, there were press reports suggesting that efforts may be underway at the CIA to limit the inquiry requested by the Committee in some manner. In light of these reports, I want to make clear my position that the IG's inquiry into this matter must be thorough and independent. As we recognized in our earlier letter, there will be a need for the IG to coordinate his inquiry with the Justice Department to avoid interfering with the ongoing prosecution. But otherwise the IG must be permitted to pursue investigative leads wherever they may logically lead.

The Committee chose to request an IG inquiry in lieu of initiating a Committee investigation largely because we have come to appreciate the independence and thoroughness of the work produced by the statutory IG. If there is any indication the IG has been limited in any way with respect to this inquiry, the Committee will have no choice but to initiate its own investigation.

I am certain that you appreciate my position and will ensure the independence of the IG is maintained.

Sincerely,

DENNIS DECONCINI,  
*Chairman.*

APPENDIX 3—INTERVIEW WITH ALDRICH AMES

U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
*Washington, DC, August 12, 1994.*

Hon. R. JAMES WOOLSEY,  
*Director of Central Intelligence, Central Intelligence Agency, Wash-  
ington, DC.*

DEAR MR. WOOLSEY: Please find enclosed, a transcript of the Senate Select Committee on Intelligence, that is described as follows: "Interview with Aldrich Ames, Friday, August 5, 1994 (SSCI# 94-2922)."

It is the intention of the Committee to have this transcript declassified and sanitized for public release.

Therefore, the Committee would like to request that a security review of this material be conducted by the appropriate personnel, and that we be advised of your conclusions.

Thank you for your attention to this matter.

Sincerely,

DENNIS DECONCINI,  
*Chairman.*

Enclosure—As stated.

Downgrade to *UNCLASSIFIED* when separated from enclosure.

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CENTRAL INTELLIGENCE AGENCY,  
*Washington, DC, August 26, 1994.*

Hon. DENNIS DECONCINI,  
*Chairman, Select Committee on Intelligence, U.S. Senate, Wash-  
ington, DC.*

DEAR MR. CHAIRMAN: I am responding to your letter of 12 August 1994 requesting a security review of the transcript (SSCI# 94-2922) of your interview with Aldrich Ames on 5 August 1994.

After examination by all the appropriate components of this Agency, I have concluded that only a limited number of passages in the transcript should remain classified. These redactions are clearly highlighted in the enclosed text with pink transcript ink markings.

If we can be of any further service in this matter, please contact our Office of Congressional Affairs at 703/482-6122.

Very respectfully,

WILLIAM O. STUDEMAN,  
*Admiral, U.S. Navy, Acting Director of Central Intelligence.*

Enclosure.

P.S.—This follows up on our discussion in the White House on Wednesday last. I hope this satisfies your needs and interests. The

redactions seem reasonable to me. If you have some specific problems, we will be happy to quickly work with your staff.

## INTERVIEW WITH ALDRICH AMES

FRIDAY, AUGUST 5, 1994

U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
*Alexandria, VA.*

The interview commenced, pursuant to notice, at 9:30 o'clock a.m., in the Alexandria City Jail, the Honorable Dennis DeConcini, Chairman of the Committee, presiding.

Present: Senator DeConcini.

Also Present: Britt Snider, Chief Counsel and Tim Carlsgaard, Staff member.

Also Attending: Plato Cacheris, Esq., Attorney for Mr. Ames.

CHAIRMAN DECONCINI. We are with the Senate Intelligence Committee which is charged with the oversight and authorization of all the intelligence programs, particularly the CIA. We confirm the Director of that, as you probably know, and this incident regarding your arrest, what have you, has brought a lot of concern to many of us about how it could happen and why and also even before your arrest and the public knowledge of it, there were many of us who are concerned about the operations of the CIA and why they did many things they did. And I thought about asking you to come testify, but I thought well, maybe it's better rather than do that, it seemed that you are a celebrity now because of the incident and the press coverage of it, maybe it would be more constructive for us and perhaps less disruptive to you, I don't know if we just sat and talked and you were willing to answer some questions for me and give me your opinions that's all I seek here. I'm not an official of the Executive branch at all. I have no authority to speak for them or can in any way offer or deliver anything. What my purpose is, is to see what we can learn from this from the standpoint of quite frankly, detecting it sooner and maybe preventing it from happening again.

But also you may disagree, but these things, I've been a prosecutor before I came here, and tried cases and did a lot of investigations. These things usually happen for many, many reasons. Sometimes personal reasons, alcohol, family, a mixture. But lot of times because of the job nature of things, why people do things that they do. There's, you just don't wake up one morning and do something that is very different than what their professional background is, and what have you. So if you don't mind, Mr. Ames, let me just ask you just a few preliminary questions.

How long did you work at the CIA?

Mr. AMES. I started working full time in 1962.

Chairman DECONCINI. In what capacity were you hired?

Mr. AMES. I was hired, I had not yet finished my college degree and I joined as a clerk-typist and was assigned as an analyst in the then DDP, the Operations Directorate records division. And went to school and worked and when I received my degree in '67 I went through the career training program and began work as an operations officer.

Chairman DECONCINI. And you went right into operations?

Mr. AMES. That's right.

Chairman DECONCINI. How did you, did you choose going into operations? Or did they assign you, or you asked for that?

Mr. AMES. Yes sir. I was already working in the Operations Directorate. But that was my desire.

Chairman DECONCINI. You desired—they, you continued there.

Mr. AMES. Yes that's right.

Chairman DECONCINI. When you worked for the CIA, did you have some mentors or friends or anybody out there that was helpful to you or was it just kind of—do most people pretty much work alone or is there a club?

Mr. AMES. I think so. You know my father had worked there for the Agency.

Chairman DECONCINI. Yes.

Mr. AMES. And that is a sense what stimulated, played a strong role in my coming to work there. I had worked as a summer employee, in the summers when I was in high school.

Chairman DECONCINI. Did you know people out there through your father?

Mr. AMES. I did not. No. My father had a very honorable career, but not a distinguished one. And he did not have friends and—

Chairman DECONCINI. Were you recognized because of that fact that your were Mr. Ames' son?

Mr. AMES. No.

Chairman DECONCINI. Nobody knew it or anything, or cared?

Mr. AMES. Nobody cared. It didn't matter.

Chairman DECONCINI. As you progressed along in your early days of the DO and whatever other assignments you want, did you have any trouble getting what you wanted?

Mr. AMES. No. I had a normal, not a fast track, normal—

Chairman DECONCINI. Did you have some idea of where you wanted to go?

Mr. AMES. Not in very fixed terms. I was attracted early to Eastern European and then Soviet operations and from the beginning, after, I became a specialist in that area, and liked it and worked in that area

Chairman DECONCINI. You served over in Eastern Europe a number of times?

Mr. AMES. No, I never served in the Soviet Union or Eastern Europe.

Chairman DECONCINI. When you went to Mexico you were down there for the purpose of the—

Mr. AMES. The Soviet program.

Chairman DECONCINI. The Soviet program, that was a pretty big program in those days too wasn't it?

Mr. AMES. No. It was very small.

Chairman DECONCINI. Oh it was.

Mr. AMES. There was no branch in the station. I was the referent [deleted]. I had a clerk assistant and a secretary. No other officers.

Chairman DECONCINI. And that was it.

Mr. AMES. But I was also charged with developing the counter-intelligence program. A new counterintelligence program.

Chairman DECONCINI. Down there?

Mr. AMES. That's right. I initiated—

Chairman DECONCINI. Put that together?

Mr. AMES. Initiated that in the two years—

Chairman DECONCINI. Was that a successful program down there? Was there many great, that you remember, contacts or information that came along?

Mr. AMES. I was short of putting the pieces together. We—

Chairman DECONCINI. Setting it up?

Mr. AMES. That's right. One of the investigations we launched, did indeed detect an African and East German case that the Bureau successfully prosecuted. But in essence we were putting together a basic program of establishing the Soviets' modus operandi down there, as a it was a popular meeting place for American agents. So I began that process, and it later build into quite a large program.

Chairman DECONCINI. It did? That's what I thought.

Mr. AMES. Cooperative CIA/FBI program.

Chairman DECONCINI. So what year was that?

Mr. AMES. I was there from '81 to '83.

Chairman DECONCINI. So when you went down in '81 there was nothing there.

Mr. AMES. There was nothing there.

Chairman DECONCINI. You started it?

Mr. AMES. That's right.

Chairman DECONCINI. I just remember some time they had quite, we had quite an operation down there.

Mr. AMES. It later, it later took on great momentum.

Chairman DECONCINI. You met your wife down there.

Mr. AMES. That's right.

Chairman DECONCINI. And you came back and advised the security people that you were planning on marrying—

Mr. AMES. That's right.

Chairman DECONCINI. And there was objection to that? Or what, my only interest in is the Agency's—

Mr. AMES. That's right, the Agency's regulation stated explicitly that marriages of agents and officers to foreign nationals was discouraged.

Chairman DECONCINI. Discouraged.

Mr. AMES. As a matter of policy in the regulations. That's right. Discouraged, but not prohibited.

#### MR. CACHERIS ENTERS

Chairman DECONCINI. Mr. Cacheris how are you sir. Nice to see you. This is Britt Snider, the Counsel, and Tim Carlsgaard. We, at the concurrence of Mr. Ames, we went ahead.

Mr. CACHERIS. No problem.

Chairman DECONCINI. I told him who we were and what we were about. And I was not in a position to speak or do anything

in behalf of the Executive branch, the government or the Judicial bench. I was here for oversight purposes. Mr. Ames was very helpful and he suggested we go ahead.

Mr. AMES. I considered my pledge of cooperation to include any branch of the—

Chairman DECONCINI. Did you want to say anything?

Mr. CACHERIS. No except that he has been told of your interests and that he is fully prepared to cooperate.

Chairman DECONCINI. Thank you. We were talking about, when you got back there was no prohibition of marrying a foreign national but they discouraged—

Mr. AMES. It was explicitly—Policy was—it was discouraged.

Chairman DECONCINI. Well, how did they discourage it? Just out of curiosity. Did they make it hard for people?

Mr. AMES. The policy, the implementation of this regulation fluctuated over the years. It was relatively common for Agency, and especially DO officers who would serve abroad for most if not large parts of their career, to encounter the need or the desire to marry a foreign national when they had been abroad. And this, I think—

Chairman DECONCINI. How was this discouragement carried out?

Mr. AMES. No, at various time it made the, obtaining an exception to this policy more or less difficult. Depending on the policies of the Director.

Chairman DECONCINI. Oh, I see, you had to petition and get somebody to sign off.

Mr. AMES. That's right.

Chairman DECONCINI. And if they said no, you could either go to court or quit—

Mr. AMES. Well I think going to court was something no one ever took very seriously. I imagine people threatened, but I've never heard of any case where anyone did.

Chairman DECONCINI. So you kind of had to make a case that, in your case that this was not of any national concerns—

Mr. AMES. Well you had to submit your resignation.

Chairman DECONCINI. Oh you did?

Mr. AMES. You wrote a memorandum justifying it, filed out a variety of personal history statements on the intended and wrote a memorandum to perhaps the Director of Personnel, someone like that, requesting permission to remain employed following marriage to a foreign national. And attached to this memorandum was a letter of resignation.

Chairman DECONCINI. And that was the policy.

Mr. AMES. And that was the policy.

Chairman DECONCINI. And obviously they agreed to yours, they consented.

Mr. AMES. That's right.

Chairman DECONCINI. Who signs off on that.

Mr. AMES. The Director of Personnel and the Director of Security I believe have to, they advised, they advised the Deputy Director of Operations—

Chairman DECONCINI. Now did anybody sit down with you and say you really shouldn't do this?

Mr. AMES. No.

Chairman DECONCINI. Nobody did this.

Mr. AMES. Many officers, many officers had gone through this process. The lower ranking, the more difficult for women is was virtually unheard of to ever receive that permission.

Chairman DECONCINI. I see.

Mr. AMES. [Deleted.] It was relatively common.

Chairman DECONCINI. After it was approved, when was that approved?

Mr. AMES. It would have been late '84 or early '85.

Chairman DECONCINI. What happened after that from the standpoint of your career.

Mr. AMES. Yes. Well, as I recall, the Office of Personnel and the Office of Security recommended to the Deputy Director for Operations that I could remain employed. That it was judged that this did not present a problem, but they recommended that I be moved to position of less sensitivity.

Chairman DECONCINI. And what position was that?

Mr. AMES. They didn't propose a position. They simply said that the position that I was in, the head of the Soviet Counterintelligence branch at SE Division they said that the DDO should consider moving me.

Chairman DECONCINI. And he did?

Mr. AMES. He did not. He certified, I guess, or made a representation that my performance in the job and my qualifications were such that it was, I don't know if he used the term essential, but justified his decision—

Chairman DECONCINI. Who was that? Do you remember?

Mr. AMES. At that time it would have been, I think Clair George.

Chairman DECONCINI. Was he a friend of yours?

Mr. AMES. An acquaintance, but not a friend.

Chairman DECONCINI. Not a buddy. Not somebody who wanted to do you any favors, but he must have felt—

Mr. AMES. But he knew me and I assume he felt I was a very capable officer—

Chairman DECONCINI. Or he wouldn't have done it.

Mr. AMES. That's right.

Chairman DECONCINI. In the Agency, from your standpoint, and I don't know too many people out there, I know a few, do you develop a line of friendship as you go in there?

Mr. AMES. Many people do. I did not.

Chairman DECONCINI. You did not.

Mr. AMES. I found references to the old boy network not applicable in my case. I never developed—

Chairman DECONCINI. Personal friendships outside the Agency—

Mr. AMES. Many personal friendships of that sort. With a few of my peers, but as far as socializing with superiors and that sort of thing, I never did that.

Chairman DECONCINI. After you got married and stayed in the same assignment, did your career, from the standpoint of promotions, taper off or dwindle. Did you notice anything?

Mr. AMES. No. No to the extent that it plateaued after that was not related to that. There was no, I never perceived and I never

perceived it in the case of others whom I knew, that there was any problem—

Chairman DECONCINI. Why did it plateau? You didn't make any relation to the marriage—why did you think it plateaued?

Mr. AMES. It plateaued because of when I went to Rome which was an assignment that I sought, in fact, the only assignment I decided that I wanted to get and sought and found. All my other assignments just kind of came my way. In Rome I did not develop a very constructive relationship with management in the Station. Any my performance was not, with justice was not an outstanding one, but it was also not appreciated particularly. I received, not really negative evaluations in Rome, but not really outstanding—

Chairman DECONCINI. As you had before.

Mr. AMES. That's right. And I failed to be promoted while I was there. And there was a plateau sense. But in no way do I think this every had anything to do with my marriage.

Chairman DECONCINI. What made you choose Rome?

Mr. AMES. I, for personal reasons. I liked Rome a lot. I had visited there on vacations and professional trips.

Chairman DECONCINI. But as far as making contacts with Soviet official or anything it had nothing to do with going there in particular.

Mr. AMES. No not because it would facilitate my work with the KGB. It was also, the position, the Soviet and counterintelligence responsibilities I had there, were more or less appropriate career assignments for me at that stage.

Chairman DECONCINI. Let me ask you some questions as to, if you don't mind, Mr. Ames, as to motivation. When did you become motivated or decided that this was something you wanted to do, to make contact or to divulge or share information with the KGB. Do you remember when that happened in your life.

Mr. AMES. Yes. It was in the period of February and March of 1985.

Chairman DECONCINI. How did that come about?

Mr. AMES. I felt, I felt a great deal of financial pressure. Which I, in retrospect, I was clearly overreacting to. The previous two years that I had spent in Washington, I had incurred a certain amount of personal debt in terms of buying furniture, inexpensive furniture, furniture for an apartment and my divorce settlement had left me with no property essentially. And together with a cash settlement of about \$12,000 to buy out my pension over time, and I think I may have had about \$10,000 or \$13,000 in debt. It was not a truly desperate situation, but it was one that somehow really placed a great deal of pressure on me. I felt, first of all, that I had let the finances and the household budget slip. We did not live extravagantly by any means. But that through my inability to manage things on my salary, I let things slip.

Chairman DECONCINI. and you had remarried now.

Mr. AMES. And I had remarried, or was planning to remarry, this was about six to eight months before the marriage.

Chairman DECONCINI. When did you get married?

Mr. AMES. August, August '85. But Rosario was living with me at the time. She had come up a year and a half before. And I was contemplating the future. I had no house, and we had strong plans

to have a family, and so I was thinking also in the longer term. And with those pressures, perceived pressures on me, I conceived, I conceived this, the plan of I think I have referred to it at times as a con game or a scam to get money from the KGB.

Chairman DECONCINI. When you say that, con game or scam, did at that time did you think you were not going to give them anything that they could really use—

Mr. AMES. Invaluable information.

Chairman DECONCINI. That was your original—

Mr. AMES. That was, that was the plan that I carried out in April—

Chairman DECONCINI. They were going to give you money and you were going to give them useless information.

Mr. AMES. I had—

Chairman DECONCINI. It sounded good.

Mr. AMES. That's exactly right. and I saw it as a one time thing. To get \$50,000 which seemed to me to be, to get me out of the hole, and to provide a kind of a nest egg for the future. And in fact, I had various advantages that gave me the opportunity, as well as my knowledge of counterintelligence methods and of the KGB, gave me at that time, what I, was the confidence to carry it out.

Chairman DECONCINI. Did you know who to contact.

Mr. AMES. Yes I did. Yes I did. I knew who the KGB resident and the counterintelligence line chief and the various—

Chairman DECONCINI. Had you had any contact with him before you decided to do this.

Mr. AMES. No I hadn't. One important factor in the plan or the opportunity that I had was a previously established developmental working relationship sponsored by the Foreign Resources Division in which I was in touch with a Soviet Embassy official. Lunching with him.

Chairman DECONCINI. This was before you decided to go to him.

Mr. AMES. This predated—

Chairman DECONCINI. This was trying to develop information for your job.

Mr. AMES. Exactly. That's right. But this gave me a contact and an avenue to make that approach.

Chairman DECONCINI. How did you make that contact? Just call him up?

Mr. AMES. Well it turned out to be a little trickier than I had planned. The Soviet Embassy officer whom I had been lunching with, withdrew from that relationship in December. But told me that there was another officer in the Embassy, an officer concerned with arms control issues, that would, that perhaps would be more appropriate, a more appropriate person for me and I was representing myself as associated with the Intelligence Community Staff. I was an alias. And so I intended to call this fellow up. And I began to telephone him to try to make an appointment to see him, and to pick up developmental relationship aimed at assessing him for recruitment or for elicitation of intelligence information. And my plan was, at our first meeting, which eventually, he was a little reluctant, but he finally agreed to a meeting, I think on April 14 or 16 of '85 and at that meeting I had prepared a letter. And what I had planned to do was convince him and he might have been a

little reluctant, to convince him to take that letter back and to give it to his Ambassador.

Inside the envelope I would give him was the name of the KGB resident. And I felt that this would be securely and quickly passed to the chief, the resident.

Chairman DECONCINI. This would give you the credibility.

Mr. AMES. And in that letter, I proposed, I gave them the information, the valueless, essentially valueless information, which I knew in their eyes would appear to be genuine.

Chairman DECONCINI. What was it?

Mr. AMES. We had had a report, and I cannot recall the exact source of it, we had a report that the KGB in the Soviet Union was going to dispatch us two false volunteers that they would monitor as double agent operations against our station [deleted]. And towards the middle or towards the end of 1984, two volunteers did appear, who appeared to fit those, that previous description we had to a tee.

Chairman DECONCINI. So you gave that—

Mr. AMES. And those were the ones. Calculating the KGB and not having any idea we had had prior warning that I was providing them with the names of two people whom we genuinely believed to be—

Chairman DECONCINI. What was their response to that?

Mr. AMES. Their response was very positive. And they came back and in May they gave me the \$50,000.

Chairman DECONCINI. They did? For that?

Mr. AMES. For that information. No for that information. And I made it very clear that this was a one time deal

Chairman DECONCINI. Is that right? When you made the offer, you said this is a one time thing and you said I want \$50,000.

Mr. AMES. That's right. I am selling you this for \$50,000. Here it is.

Chairman DECONCINI. And they came back with \$50,000.

Mr. AMES. They came back with \$50,000.

Chairman DECONCINI. And at that time you figured you were finished?

Mr. AMES. At that time, and at that time in May when I had got the money, I figured I was finished. There was however, an additional thing I put in that note, that first note. And to insure that they would respond, I identified myself.

Chairman DECONCINI. You told them.

Mr. AMES. I told them who I was.

Chairman DECONCINI. Oh they didn't know who you were.

Mr. AMES. They wouldn't have, unless I had told them. I was an alias with the Embassy officer.

Chairman DECONCINI. Oh I see. Who were you an alias—what from were you using?

Mr. AMES. A U.S. Government official with some association with IC staff. But in the note, I identified myself in true name, by my position, I included a one page branch breakdown of SE Division, with my name as the branch chief and gave them a little history in terms of where I had served and other aliases they may have had reporting on me. Because I calculated this would ensure that they would respond positively.

Chairman DECONCINI. Yes. sure. You weren't frightened that maybe they would use this against you or turn it over to the CIA—

Mr. AMES. No I was not.

Chairman DECONCINI. Through whatever they got from somebody else.

Mr. AMES. No I was not.

Chairman DECONCINI. Why not?

Mr. AMES. I was aware, through my knowledge of the KGB, the tremendous extent and care that the KGB took to compartment.

Chairman DECONCINI. I see.

Mr. AMES. And to keep important cases secure.

Chairman DECONCINI. And to recruit too?

Mr. AMES. The danger, the danger would be a defective or a volunteer from the KGB, but some one who might be in that very small circle, it was extremely unlikely.

Chairman DECONCINI. That's interesting. When did you start your second venture?

Mr. AMES. I would add maybe one other consideration which was that I didn't fear that the KGB would take an aggressive approach towards trying to get me to cooperate further.

Chairman DECONCINI. You did not.

Mr. AMES. I did not. We knew that that was not KGB doctrine. We had KGB guidance to its residencies, that for example would say if you have a one time deal, don't push. Take what you can get. There is absolutely no, I had no fear that the KGB would try to pressure me. They would be so anxious—

Chairman DECONCINI. That was because you had been trained in those operations—

Mr. AMES. That's exactly right. I think most people would plausibly fear something like that. That's right. But this is not the way that they worked. The Agency would do it. It's not the way the KGB would do it.

Chairman DECONCINI. When did you have your next contact.

Mr. AMES. What happened next, and I said in my court statement, I'm still puzzled as to what took me to the next steps. The main factor, on balance I think, was a realization after I had received the \$50,000, was a sense of the enormity of what I had done. I think I had managed under the stress of money and thinking, conceiving the plan I had carried out in April, I saw it as perhaps a clever, a clever, not a game, but a very clever plan to do one thing. And somehow, and without reckoning, somehow what it was I was really doing. And I, it came home to me, after the middle of May, the enormity of what I had done. The fear that I had crossed a line which I had not clearly considered before. That I crossed a line I could never step back. And the, I think in retrospect, is very difficult for me to reconstruct my thoughts at the time. Before April, I can very well. It was a very rational, clever plan, but between the middle of May and the middle of June 1, it was as if I were sleepwalking. I can't really reconstruct my thinking. It was as if I were in almost a state of shock. The realization of what I had done. But certainly underlying it was the conviction that there was much money as I could ever use. If I chose to do that.

Chairman DECONCINI. Continued, you mean?

Mr. AMES. That's right.

Mr. CARLSGAARD. On the \$50,000 did you take it and do what you had originally planned—pay off the \$20,000 some debt?

Mr. AMES. Yes. I began to pay off, I began to pay off debts. There was perhaps another sense in which feared, in this realization, I begin to fear the possibility of detection and we had a number of KGB sources. Two in [deleted] and others elsewhere, and so I think I began, as a secondary motivation to see it as useful or protective of me to compromise those cases so they wouldn't be in position to—

Chairman DECONCINI. So they wouldn't be in a position to use—

Mr. AMES. To hear something. I didn't assume they would ever be involved or become knowledgeable, but accidents happen. And two of them were in the [deleted] residency. And could be a potential threat. And I think in another sense at that point I sort of just threw myself at the KGB. Lock, stock and barrel. Together with any and all information.

Chairman DECONCINI. To eliminate anybody that may identify you—

Mr. AMES. That was a secondary thought.

Chairman DECONCINI. And that was worth something you knew, to the KGB.

Mr. AMES. Oh, I knew this information was of entirely dramatic—

Chairman DECONCINI. But by then you had kind of gone of the cliff—

Mr. AMES. I think that's the more important, that and the prospect of the financial support for as kind of almost, from my perspective, an unlimited sense.

Chairman DECONCINI. So in June you made another contact?

Mr. AMES. So in June I gathered up from my desk documents, cables, traffic—

Chairman DECONCINI. Just general—

Mr. AMES. Generally, but reflecting virtually all of the most important cases that we had and give to them.

Chairman DECONCINI. Gave it to them.

Mr. AMES. Gave it to them with no preconditions.

Chairman DECONCINI. With no preconditions?

Mr. AMES. I said nothing about you know, give me more money or what to do, I just said here. In a sense I was delivering myself along with them.

Chairman DECONCINI. And at the time you gave it to them, did you tell them what you wanted?

Mr. AMES. No.

Chairman DECONCINI. You didn't. You just gave it to them?

Mr. AMES. Just gave it to them.

Chairman DECONCINI. And said, call me some day?

Mr. AMES. No, and I said you know, I will continue to maintain contact with you and there we are. And they had proposed when they gave me the money, in May, or at a brief meeting I had in the Embassy in May just prior to their giving me the \$50,000 I had asked for in April, they had said that I could use this Embassy officer, Mr. Chuvakian—

Chairman DECONCINI. As your contact——

Mr. AMES. As a cut out. And so I simply called Chuvakian and we had lunch and I gave him documentary material, a great mass of it, and a note indicating, perhaps describing some other cases, and saying I would like to maintain this relationship.

Chairman DECONCINI. Did you identify the two KGB people in the Embassy?

Mr. AMES. In the Embassy? Yes.

Chairman DECONCINI. And did you also at that time, did you give any of the names that were the people that you identified later?

Mr. AMES. Yes.

Chairman DECONCINI. Was that all of them?

Mr. AMES. Virtually all of our intelligence officer cases, GRU officers, KGB officers around the world——

Chairman DECONCINI. That was the biggest load you gave them then or in the whole thing?

Mr. AMES. This was the big load, that's right.

Chairman DECONCINI. In June of '85?

Mr. AMES. I think on the 17th of June. And then throughout that summer, I continued to give them other things that I had that related to these cases.

Chairman DECONCINI. Not new additional names per se?

Mr. AMES. New additional names.

Chairman DECONCINI. As well?

Mr. AMES. That's right. That's right.

Chairman DECONCINI. And when did you get paid again?

Mr. AMES. Perhaps at, we've tried to reconstruct that. They gave me, I think, another payment in the early summer. And payments continued throughout the following year.

Chairman DECONCINI. Did you have to ask for the payments?

Mr. AMES. No. They just, they gave them to me.

Chairman DECONCINI. They'd just call you up and say here's a payment.

Mr. AMES. That's right. And then in September or early October when I had left my job in the Division and had started full time Italian training at our language school, I continued to stay in touch. To lunch with Chuvakian under the guise of this development relationship. I had lunch with him and he passed me a note, a package with money and a note from the KGB. Chuvakian was not a KGB officer. And we never spoke of what was going on beneath the surface. We would exchange shopping bags, and we never so much as winked at each other. And in the note, the KGB said that they had set aside \$2 million for me.

Chairman DECONCINI. Oh they did? When——

Mr. AMES. In October.

Chairman DECONCINI. In October. \$2 million.

Mr. AMES. That's right. That they had set it aside for me.

Chairman DECONCINI. Was that for additional information or for what you had given them?

Mr. AMES. Just, they didn't link it.

Chairman DECONCINI. They didn't link it.

Mr. AMES. They didn't link it to any specific——

Chairman DECONCINI. Did they tell you how you were going to be paid?

Mr. AMES. No they said they had set it aside. And I think, it was understood that they would be able to provide me cash.

Chairman DECONCINI. Did you believe them?

Mr. AMES. Yes I did.

Chairman DECONCINI. You did.

Mr. AMES. Yes I did.

Chairman DECONCINI. When you gave these names, Mr. Ames, did you have any realization of the significance of what you were doing? As to the danger that these people would be in?

Mr. AMES. Yes I did.

Chairman DECONCINI. Did you just rationalize that this was not—

Mr. AMES. It did not. I did not agonize over it.

Chairman DECONCINI. Did it occur to you that they might be killed?

Mr. AMES. Yes it did. They would certainly, following an investigation, they would certainly be subject to prosecution and the death penalty would be a certainty for at least some of them.

Chairman DECONCINI. What do you think made you, I mean, you sound like a man of convictions, and someone that just wouldn't do something dramatic like that. Did your alcohol involvement have something to do with it?

Mr. AMES. No.

Chairman DECONCINI. Or your personal life.

Mr. AMES. No.

Chairman DECONCINI. You just rationalized that you needed the money or—

Mr. AMES. There's an issue we haven't spoken of here which is many people, at least in theory, in a position similar to mine then or at any other time, no doubt, have felt and found themselves under even greater financial pressure than I felt. In retrospect, mine was not so great. I could have worked myself out of that, all without too much problem. It was my own sense of failure, inadequacy, and fear that made me conceive of it as even greater than it was in reality. But other people may have been in even deeper financial straights. And in a position to perhaps conceive of and implement, or even toy with the idea of doing what I did. But I think very few, if any have.

Chairman DECONCINI. You don't think very many people have done this.

Mr. AMES. I doubt it. What I guess is what I am saying is that many people might have in desperation toyed with the idea but could never bring themselves to do it. For me there were some barriers. Psychological barriers, whatever, that when I toyed with the idea and pursued the idea in April, the barriers were not there or were not effective to draw me back.

Chairman DECONCINI. Even those barriers included the consequence to the individuals that you would turn over the names.

Mr. AMES. That's and that has an ethical or moral dimension.

Chairman DECONCINI. You had no concern about giving this front load of all these names and all this information having received only \$50,000.

Mr. AMES. No. I knew.

Chairman DECONCINI. You knew from——

Mr. AMES. I knew——

Chairman DECONCINI. You knew from their mode of operation that you were going to be well rewarded.

Mr. AMES. Yes.

Chairman DECONCINI. And also you knew that your second effort here was going to be interpreted as I'm yours. Or we are partners now.

Mr. AMES. That's right. I had a very vivid sense of how the KGB would view——

Chairman DECONCINI. You knew from your experience and your career and what they teach you in the CIA as to how they would react——

Mr. AMES. That's right. Not every case officer, not every officer in the Directorate of Operations would have had the kind of knowledge and understanding that I did. It was more specific to the knowledge I had of the KGB——

Chairman DECONCINI. Did you consider well maybe I should parcel this out over four or five years and get \$10 million bucks, maybe I've got stuff here——

Mr. AMES. No. That would be a very rational way to do it and I was not, I was operating in a kind of rational mode in April. What I did in June was irrational.

Chairman DECONCINI. Yeah. Were you at all concerned about well, I got to do this quick and get it over with, I can't continue this relationship forever because I'll get caught. If I can get my money and get this done maybe I can retire.

Mr. AMES. I did have a sense of at that time, of not staying with the Agency more than another four or five years.

Chairman DECONCINI. And then getting out.

Mr. AMES. But, for that period of, I would stay in touch.

Chairman DECONCINI. So then after you did this, when did you go to Rome?

Mr. AMES. In the late summer, July of '86.

Chairman DECONCINI. '86. So all this time you kept handing over stuff.

Mr. AMES. That's right.

Chairman DECONCINI. And you got several payments.

Mr. AMES. Yes I did. While I was in language school I didn't have access to documents or information. Once I left the branch, my job at the end of the summer of '85, and went into the language school, I had no access either formally or informally.

Chairman DECONCINI. Were they still giving you money.

Mr. AMES. Yes they were.

Chairman DECONCINI. They did, even though?

Mr. AMES. I did, what I did during that period was I ransacked my memory——

Chairman DECONCINI. And wrote things down.

Mr. AMES. And wrote in letters that I would pass through the cut out, and describe other cases that I had known and other agents and other operations in the past, there was a lot to give.

Chairman DECONCINI. And they were still handing cash over to you.

Mr. AMES. That's right.

Chairman DECONCINI. So in '86, in the spring of '86—

Mr. AMES. In the summer of '86 I went to Rome Station.

Chairman DECONCINI. And did you immediately make contact there?

Mr. AMES. I, they had proposed a contact for October '86. Well I should go back and say that in December of '85 I had my first face to face meeting with the KGB contact in Bogota. We went down to Bogota for Christmas.

Chairman DECONCINI. Oh I see.

Mr. AMES. And I managed to—

Chairman DECONCINI. You knew that was going to take place?

Mr. AMES. That's right. And I managed to get out of the family constellation ostensibly to do some Christmas shopping, and I met with Vlad, who was to remain for several years, my handler.

Chairman DECONCINI. He was KGB?

Mr. AMES. He was a KGB officer. Senior KGB officer in the counterintelligence directorate. And I met with him for about an hour and a half in the Soviet Embassy in Bogota in December '85. And then after I got to Rome, he came to Rome and we had a meeting on the street in October '86. And they had prepared, and he told me they had prepared a cut out in Rome. An embassy official who would fulfill the same sort of function that the fellow in Washington had done. And they for three years, we did that.

Chairman DECONCINI. The material you gave in Rome, you had access to everything that came into the Rome station, which I understand is a pretty heavy hitting station.

Mr. AMES. Yes. Well, I wouldn't characterize Rome station as being a center of a lot of sensitive operational activity, but the nature, the nature of the DO and the paper flow and the accelerating bureaucracy meant that there was a tremendous amount of material about Directorate of Operations policies and plans, and resources that would get sent to all stations.

Chairman DECONCINI. So you had all of that.

Mr. AMES. And, so I had that passed.

Chairman DECONCINI. And they liked having that.

Mr. AMES. Yes, they certainly did.

Chairman DECONCINI. How did you take that material out?

Mr. AMES. Put it in envelopes in a shopping bag and left the Embassy.

Chairman DECONCINI. Did you make xerox copies? Is that what you did?

Mr. AMES. No. I very seldom xeroxed copies.

Chairman DECONCINI. What did you do? Did you take the originals?

Mr. AMES. I just took the originals. I was the last—paper is basically unaccountable.

Chairman DECONCINI. I see. You were to destroy it.

Mr. AMES. I was to destroy it or my secretary was to destroy it. And it wound up with me. I was the branch chief for the Soviet and the counterintelligence programs. So I had this paper at my disposal.

Chairman DECONCINI. You didn't keep any copies for yourself?

Mr. AMES. No. Well you usually had more than one copy.

Chairman DECONCINI. Oh you did.

Mr. AMES. Yeah.

Chairman DECONCINI. I see. So you would keep a copy.

Mr. AMES. Yeah, so in some cases I could keep a copy. I may have xeroxed an occasional item.

Chairman DECONCINI. Where would you keep your copies? At home? Or in the office?

Mr. AMES. No. They were in the office, in my safe. And typically I would meet with my cut out in the early evening. And I would simply stay in my office until 6:00 or so, gather up, quickly gather up, review and gather up information that I thought would be of value. Not by any means everything. And package it up and leave the embassy—

Chairman DECONCINI. How often would you—

Mr. AMES. As we've reconstructed it, I would say that perhaps a dozen meetings with the cut out. At each meeting I would perhaps provide a stack of documents like that.

Chairman DECONCINI. Does that mean over 2½ years?

Mr. AMES. That's over 2½ years. There were two or three meetings with Vlad. Vlad came to Rome.

Chairman DECONCINI. In addition to the twelve—

Mr. AMES. In addition to cut out meetings. And we would meet for two or three hours in the Soviet residential compound in Rome.

Chairman DECONCINI. To have a few drinks I understand.

Mr. AMES. Yes. Yes. That's right.

Chairman DECONCINI. Was he, kind of become a friend?

Mr. AMES. Not in that sense.

Chairman DECONCINI. Not in that sense.

Mr. AMES. I respected him and trusted him. It was business like.

Chairman DECONCINI. It was business. Did you get into the drinking mode to give yourself strength or was it just more, hey, this is—

Mr. AMES. I think it was not a Dutch courage sort of situation. And I don't think I was anesthetizing myself particularly. It was more in the line of my own continuing problem with alcohol. Of being an occasion, I've never a steady drinker. But when I would have the opportunity, sort of time out, then I would—But with the exception of the night time meetings, of the two or three night time meetings with Vlad.

Chairman DECONCINI. The rest of them were pretty—

Mr. AMES. The rest of them were short encounters early in the evening and so—

Chairman DECONCINI. Exchanging information and they'd give you money.

Mr. AMES. Yeah. And so Rosario, I didn't have to account for my time to Rosario. I had to develop a cover story for the night time meetings.

Chairman DECONCINI. How much money do you think they gave you while you were in Rome?

Mr. AMES. While I was in Rome, I think the total came to probably close to \$1 million.

Chairman DECONCINI. Really? What did you do with it?

Mr. AMES. I banked a large part of it in—

Chairman DECONCINI. You did? Is that easy to do?

Mr. AMES. Yes. I could take the cash, I took the cash. I would accumulate the cash from several deliveries and then periodically would fly to Switzerland and I had to open an account in my own name, representing myself as being stationed in Rome and liquidating my wife's family's, some of my wife's family's properties and putting the proceeds in the bank.

Chairman DECONCINI. Yeah. And of course you didn't tell anybody that, and the Swiss officials don't disclose that.

Mr. AMES. No they don't. I didn't consider opening a numbered account.

Chairman DECONCINI. Oh that's what you didn't do. You just opened up a normal bank account.

Mr. AMES. I just opened a normal, U.S. dollar current account, pays no interest.

Chairman DECONCINI. Were you afraid that just opening a normal account, somebody would find out?

Mr. AMES. No. The Swiss bank secrecy laws cover those accounts.

Chairman DECONCINI. Cover those accounts as well.

Mr. AMES. The numbered account system is merely to compartment within the bank. Knowledge among bank officials as to who the identities were. And those kinds of accounts are really scrutinized by the bank. They don't like to open numbered accounts.

Chairman DECONCINI. Oh they don't?

Mr. AMES. And I had read that somewhere.

Chairman DECONCINI. And you didn't want to press that.

Mr. AMES. And the bank secrecy laws protect both equally.

Chairman DECONCINI. I see.

Mr. CARLSGAARD. Can I catch up on a couple of points.

Chairman DECONCINI. Sure.

Mr. CARLSGAARD. The bank deposits that you made in '85 and '86, I think you deposited something like \$125,000, it was in the affidavit. But you had done it in a manner to, all of them were under \$10,000.

Mr. AMES. That's right.

Mr. CARLSGAARD. You would do them every couple of days. Was that you idea?

Mr. AMES. I was aware that at that time, some of the money laundering legislation, such strict regulation had not gone into effect. But there were CTRs. There was a requirement that the bank should do that. And I was aware of that, so I did want to keep that down.

Mr. CARLSGAARD. And these were at I think local Virginia banks.

Mr. AMES. At my bank in Virginia.

Mr. CARLSGAARD. And you would just walk in with your suitcase with the cash.

Mr. AMES. Well, in Washington it was smaller chunks. And I rented a safe deposit box.

Mr. CARLSGAARD. Oh, and you put the cash in there.

Mr. AMES. And I put the cash in a safe deposit box and then in, bearing in mind, what I would have to write check on, I would put, I would feed money, make deposits of \$5,000, \$6,000, or \$7,000 deposits in my account.

Chairman DECONCINI. Banks ever ask you any questions?

Mr. AMES. No.

Mr. CARLSGAARD. [Deleted].

Mr. AMES. [Deleted].

Mr. CARLSGAARD. [Deleted].

Mr. AMES. No. Top Secret documents were controlled.

Mr. CARLSGAARD. Controlled? What do you mean?

Mr. AMES. Controlled with numbers and—

Chairman DECONCINI. Who could see them—

Mr. AMES. They were accountable, that's right. In terms of who could see them and in terms of where they were kept. [Deleted].

Chairman DECONCINI. So you could take them out of there?

Mr. AMES. But you could take them out of there. But we had very little TOP SECRET material. The DO, DO operations and operational traffic is generally at the SECRET level, it's not at the TOP SECRET level. So 95% of the material is classified SECRET. And that is not accountable, that is not accounted for. [Deleted].

Mr. CARLSGAARD. [Deleted].

Mr. AMES. [Deleted].

Chairman DECONCINI. But you could read it and write it down.

Mr. AMES. I could read, but I did not make a practice of writing lengthy messages and describing that sort of thing.

Mr. CARLSGAARD. And on xeroxing documents, at the Rome station—

Mr. AMES. No, I didn't find that—it would have been—xeroxing large quantities of documents would have been very alerting as well. In stations, you are in pretty close quarters.

Chairman DECONCINI. Did you have anything to do with the Soviets learning about Yurchenko.

Mr. AMES. Yes.

Chairman DECONCINI. Can you tell me briefly. Did you tip off the Soviets?

Mr. AMES. Well, I told the Soviets that he was in Washington—

Chairman DECONCINI. And what he was giving to you.

Mr. AMES. Yes. I was selected to handle his reception.

Chairman DECONCINI. You were.

Mr. AMES. Yeah. And to conduct the initial debriefings.

Chairman DECONCINI. You gave the identity of the people he was mentioning as Soviet assets.

Mr. AMES. No I didn't. Oh, yes I did.

Chairman DECONCINI. You did?

Mr. AMES. Yes I did. A number of the debriefing reports that I and others had written up, I passed during that summer of '85, during August '85.

Chairman DECONCINI. Did you know Howard?

Mr. AMES. No, I never met him.

Chairman DECONCINI. You never met him.

Mr. AMES. No, he had been dismissed, he had left the Agency four or five months before I came back from Mexico.

Chairman DECONCINI. When that case broke, did that give you any cover, or did you feel like it was, that you needed any cover. Was it any solace to you?

Mr. AMES. No. Not so much. The first time I'd ever heard of Ed Howard was when [deleted] called me up and showed me the cables from Rome about Yurchenko and said you take care of him Rick.

You organize all of this. And I had, strangely enough, I had never even heard the Ed Howard story up until then. But his first reporting in Rome immediately, everyone immediately recognized who he was talking about.

Chairman DECONCINI. Oh they did?

Mr. AMES. Yeah.

Chairman DECONCINI. They knew who he was?

Mr. AMES. Yeah.

Chairman DECONCINI. Were you aware that the CIA had any special efforts trying to find a source of compromise in '85 or '86?

Mr. AMES. Never in any formal way.

Chairman DECONCINI. Is there a rumor mill that goes on?

Mr. AMES. Not much of one. But enough—

Chairman DECONCINI. Was there knowledge, to your knowledge did a number of people know that assets had been identified?

Mr. AMES. Yes. The compromises, the disaster of '85, '86, became relatively common knowledge. Certainly within SE Division and—

Chairman DECONCINI. How did you cover that? Yourself?

Mr. AMES. Well, this is really an amazing circumstance. I had, I had, I think a very valid and legitimate presumption that when I provided all that information to the KGB that they would not do any such thing as what they did.

Chairman DECONCINI. Oh really? So when you heard that they were executing these people and that surprised you?

Mr. AMES. I assumed, that they did it the way they did it. I presumed that as they had done in many other cases as any intelligence service would do, or counterintelligence service, they would have been extremely concerned over the need to protect not only my identity, the fact that I was a source, but that they had such a source.

Chairman DECONCINI. Yeah the fact that it was so great.

Mr. AMES. And that they would look at the leads or the cases I had given them. And on a case by case basis try then to move them out access, conduct an investigation, look for other ways in which their arrest and prosecution could be accounted for in other way. This is the normal, and indeed the only intelligence way to do it. And that was my presumption. And when, in the course of '85, now I was out of the Division, I was in language school, so I only, I could see it in the newspapers and I heard a few stories about compromises over the course of the next year. And it became apparent to me that the KGB was not handling this in the way that I expected.

Chairman DECONCINI. Did that frighten you?

Mr. AMES. It frightened me. It frightened me.

Chairman DECONCINI. Did you tell the KGB people?

Mr. AMES. When I met Vlad in Rome in October '86 I was going to bring it up to him. But he brought it up first. And essentially he apologized for it.

Chairman DECONCINI. Oh, for being so rough shod on them.

Mr. AMES. He said we would never, you know we would never have done what we did. He said, but we were forced to. It went up to the highest levels and we argued against it and we lost.

Chairman DECONCINI. Somebody lost it.

Mr. AMES. And we lost it. I think the shock effect of the mass of information that I gave them in June and then that summer was such a shock at the highest level—

Chairman DECONCINI. There was really a reaction—

Mr. AMES. That a political decision was made that this had to be wiped out. And Vlad, and I believed Vlad when he told me, you know, that they argued strenuously and they lost the argument. And he said never again would we be in that position. And I believe him.

Chairman DECONCINI. And of course you told him your concern.

Mr. AMES. And he was concerned. And he said we are trying, we are trying everything we can to try and divert attention to mislead.

Chairman DECONCINI. When you gave this information in '85, and continued the information in '86, but the real, most valuable information was given in the '85 early '86 time frame—

Mr. AMES. Yes.

Chairman DECONCINI. Before you went to language school.

Mr. AMES. That's right. What came after was—

Chairman DECONCINI. How many people had access to what you had? Can you estimate?

Mr. AMES. I always, I never tried to make a strict count, and I don't know what the initial estimates were, but I would say somewhere between 50 and 100.

Chairman DECONCINI. Quite a few.

Mr. AMES. Quite a few, but still a manageable number.

Chairman DECONCINI. The information that you had access to during that time, how did you get it. Was it in a controlled security place or did it just circulate within the Bureau?

Mr. AMES. It came into my inbox.

Chairman DECONCINI. Just came to your inbox.

Mr. AMES. It was, my position, and my responsibilities—

Chairman DECONCINI. And did you return it to somebody?

Mr. AMES. No, they were my own copies.

Chairman DECONCINI. They were yours, so you kept them in your own safe?

Mr. AMES. I kept them in my own safe.

Chairman DECONCINI. So they were easy to get out?

Mr. AMES. And I would just scoop—that's right.

Chairman DECONCINI. What happened—

Mr. SNIDER. Excuse me sir, can I just clarify that. When you said information you had access to, we are talking about the true names of CIA assets, is that 50 to 100 people in the DO would have had, that many people would have had access to the true names.

Mr. AMES. No. Not to the true names. And in fact in most cases, I did not have their true names.

Mr. SNIDER. Oh.

Mr. AMES. But what I had was operational correspondence that dealt with these cases in one or another way, which—

Mr. SNIDER. So they could identify—

Mr. AMES. So they could perfectly identify—

Mr. SNIDER. Okay. Alright.

Chairman DECONCINI. And 100 people would have access to that.

Mr. AMES. That's right. In some cases I would have a cabled report from [deleted] maybe describing their recent meeting with the KGB officer

Chairman DECONCINI. And that would be pretty clear from when they saw that

Mr. AMES. And that would be absolutely clear. And in other cases it might be an even more fragmentary reference but still, perfectly adequate to support the identification.

Chairman DECONCINI. In tandem it amounted to giving them Mr. X Smith as a name, the fact that you gave them the reports that showed where they met.

Mr. AMES. Absolutely.

Chairman DECONCINI. That's interesting. Thanks Britt. If you had stuff that came into your inbox, if you decided, gee there may be something else here, I want to know on this operation report, you could get it?

Mr. AMES. In general. With some, with some—

Chairman DECONCINI. You would you go to to get it? Would you just ask your secretary, would you just walk down the hall?

Mr. AMES. My secretary, another officer working for me in the branch or myself.

Chairman DECONCINI. Where would you go to get it?

Mr. AMES. My branch was basically a staff, it had a staff responsibility of advising the other branches in the Division who were responsible for guiding, controlling and advising cases in the Soviet Union, or in Europe, or in the Far East, and my branch was responsible for providing them with counterintelligence advice, reviewing their activities, the activities from a counterintelligence perspective, and also from an operational security perspective of protecting the operations. We were always, we were called upon to review problems, to spot problems, to initiate fixes.

Chairman DECONCINI. So you had access really to everything.

Mr. AMES. Yes, I did.

Chairman DECONCINI. There wasn't any need to say, gee I want to go down and look in the wherever the information came from.

Mr. AMES. For the most part, no.

Chairman DECONCINI. It came across your desk.

Mr. AMES. That's exactly right. There were some cases in the Division that were not. That were compartmented for me.

Chairman DECONCINI. That you couldn't get access to?

Mr. AMES. That I couldn't get access to and that the culture of compartmentation in the DO is reasonably strong, but within SE Division, historically, it is very strong.

Chairman DECONCINI. Very strong.

Mr. AMES. You simply don't ask.

Chairman DECONCINI. You don't ask?

Mr. AMES. There is a tradition. You don't ask questions.

Chairman DECONCINI. And you don't get it.

Mr. AMES. That's right.

Chairman DECONCINI. And you don't talk about it.

Mr. AMES. If you have a need to know something you are up front and you say I need to know this or you go to someone and get permission to get it, but you don't say to someone in the hall—

Chairman DECONCINI. Let me look and see what you are doing—

Mr. AMES. Anything exciting happen last week? You don't do that. And I never did.

Chairman DECONCINI. You would go with a specific.

Mr. AMES. There would have to be a specific intelligence reason.

Chairman DECONCINI. Were there some cases where you did that?

Mr. AMES. No. There may have been one or two cases, but not as a pattern at all.

Chairman DECONCINI. Mr. Ames, were you concerned that the CIA might recruit somebody in the KGB that would tip you off?

Mr. AMES. Yes I was. Yes I was.

Chairman DECONCINI. What did you do about this, just kind of put it out of your mind?

Mr. AMES. Well, I tended to put it out of my mind. I also tended to focus on the very small chance that someone that we managed to recruit or someone that volunteered to us would be in the very small circle of people who knew about my case. Vlad told me what any intelligence service tells a valuable agent there are only three people who know.

Chairman DECONCINI. Right.

Mr. AMES. As a professional I know that's not possible, but I did have a vivid appreciation of the extent to which they would protect and compartment the operation.

Chairman DECONCINI. What kind of assurance did they give you? Just that.

Mr. AMES. That kind of assurance. But I translated that into my own knowledge.

Chairman DECONCINI. Were you in a position in the DO to have any information if there was somebody inside the KGB?

Mr. AMES. Had I stayed in the SE counterintelligence branch I would have had a very good chance at sort of early warning. But after I left and went to the language school, absolutely not.

Chairman DECONCINI. And just so I understand, when you went to language school in Rome that was your doing, no, from your standpoint, no feeling that the DO thought, gee we've got to move this guy—

Mr. AMES. No.

Chairman DECONCINI. Because he's not performing well—he's drinking on the job.

Mr. AMES. No. It was a position that I sought.

Chairman DECONCINI. Or we don't like him or anything like that. As far as you understood, you were still in good graces.

Mr. AMES. It was a good job. It was a good job. It was a job that I wanted and politicked for.

Chairman DECONCINI. When did you get into buying material things, you know the cars and—

Mr. AMES. After, after I started getting the money, not so much in Washington, what I finally did was, I had told Rosario that the first \$50,000, I had prepared a cover story with her for. There was an old friend of mine who, that I had asked for a loan, that I had known back in college days in Chicago. And I had done a big favor for him once. I never described what it was, but I would ask him

for a loan to get us sort of out of the financial hole. Then later, however, I had to account for more money.

Chairman DECONCINI. Acknowledge that.

Mr. AMES. And what I told her was that this friend of mine, I only identified him to her as Robert, and his associates were interested in investing money in Europe. And that while I was in Rome, I would look after some of their investments and manage them,

Chairman DECONCINI. And they would pay you.

Mr. AMES. And I would get a commission. And that we would be able to make a good deal of money that way. So beginning, beginning, before we went to Rome for a little while, and then while we were in Rome, I gave Rosario to understand that I was making a lot of money at this. And we were on the way to becoming, if not exactly wealthy, quite well off. And I began to encourage, I wouldn't say necessarily an extravagant, but a, but a lifestyle that gradually sort of went up and up. We started buying expensive clothing and generally people understood, I think, that we had extra money.

Chairman DECONCINI. And they thought that came from Rosario?

Mr. AMES. I allowed the presumption—

Chairman DECONCINI. Presumption that nobody—

Mr. AMES. To grow up. People don't talk about it.

Chairman DECONCINI. Nobody questions.

Mr. AMES. Nobody questions?

Chairman DECONCINI. Yeah.

Mr. AMES. But I allowed a presumption to grow up that her family had money, so this was a source of our relative affluence.

Chairman DECONCINI. Were the Soviets aware of this, that you were buying more expensive things, started living—

Mr. AMES. No. I did not display this to them and they worried about it constantly. They constantly pressed me.

Chairman DECONCINI. They were constantly asking you what you did with your money.

Mr. AMES. Yes. They constantly pressed me in terms of be careful, be careful.

Mr. CARLSGAARD. Did you ever have to tell your wife, you know in normal conversation where she might be having lunch with somebody, in the embassy or whatever, and they were talking financial things, whatever, your wife might say, my husband is great with investments, he's managing someone's money and we're doing real well with that, why don't you talk to him, maybe he could give you some inside tips.

Mr. AMES. No. No. Because I told Rosario that while I wasn't doing anything illegal, it was not entirely proper that I do this and that I was cutting a corner here. So she understood that. What did concern me however, was the extent, was the possibility that someone might say to her, my your family is very well off. And she would say what are you talking about? My family, her family was well known for never having money.

Chairman DECONCINI. For not having money.

Mr. AMES. That's right.

Chairman DECONCINI. That was very clear. In Colombia?

Mr. AMES. That's right. If you asked anybody in the family they would say they don't have any money. Her father and her mother were——

Chairman DECONCINI. It was a well known family, but not——

Mr. AMES. Well known, also for not being wealthy.

Chairman DECONCINI. Not being wealthy, but being a middle class, established family there.

Mr. AMES. Kind of an upper class family actually.

Chairman DECONCINI. Upper Class, but not rich.

Mr. AMES. But as some upper class people, were not having wealth.

Chairman DECONCINI. Relatively easy to know by being down there in Bogota.

Mr. AMES. Yes, that's right. That's right.

Chairman DECONCINI. When was the first time that anyone in CIA, either officially or unofficially, as you recall, asked you about your financial status?

Mr. AMES. The only time it ever arose was my volunteering during my 1991 polygraph.

Chairman DECONCINI. Polygraph. Nothing came up in your '86 polygraph. In '91 you volunteered it.

Mr. AMES. I volunteered it. I had problems, I perceived at the time, they told me that I had problems with the question on——

Chairman DECONCINI. On unauthorized contacts——

Mr. AMES. No unauthorized contacts.

Chairman DECONCINI. No?

Mr. AMES. Not unauthorized contacts. That's not what they told me anyway. They told me it was relations with foreign nationals.

Chairman DECONCINI. Relations with foreign nationals.

Mr. AMES. And this then of course opened up discussion of relatives and all sorts of things. And in the course of that, and in the course of talking about my then real plans to think about trying to get into post retirement impost export business, I mentioned that my wife got an allowance of sorts from her mother in Colombia. That's the only time, and I wasn't really asked, but it seemed like a good time to volunteer.

Chairman DECONCINI. On that polygraph test, they interrupted it for four days.

Mr. AMES. Yes.

Chairman DECONCINI. And they told you at the time it was because there was some little deception showed about unauthorized contact. Do you remember that, telling you the reason?

Mr. AMES. No, they didn't say unauthorized contacts. It had to do with relations with foreign nationals.

Chairman DECONCINI. Foreign nationals. Of course that's the reason they told you.

Mr. AMES. That's what they told me.

Chairman DECONCINI. And did they, and you brought up the fact that your wife had some money.

Mr. AMES. And in, and then you have a long discussion.

Chairman DECONCINI. You kind of—that came up in the discussion during the four day period.

Mr. AMES. No. During the first day's test.

Chairman DECONCINI. The first day's test. Did they ask you any questions on the machine about your investments or your wife's investments or—

Mr. AMES. No.

Chairman DECONCINI. No verification of this.

Mr. AMES. No. The questions on the test were the routine—

Chairman DECONCINI. Did you do that on purpose? That was pretty smart to pull that out so there would be no reason to ask you.

Mr. AMES. It came up in context and I volunteered it.

Chairman DECONCINI. Did you anticipate that they might ask you that?

Mr. AMES. No, I didn't know what they would do on the follow-up test.

Chairman DECONCINI. Yeah.

Mr. AMES. But the test was the normal test that you get.

Chairman DECONCINI. Is that an easy test in your opinion?

Mr. AMES. It was easier than it could have been.

Chairman DECONCINI. You've been quoted to the effect that it was simply a matter of manipulating the examiner.

Mr. AMES. That's a very—

Chairman DECONCINI. That's an exaggeration.

Mr. AMES. Broad and exaggerated statement. I mean I have strong views on the polygraph and its validity.

Chairman DECONCINI. Yeah, tell me about it.

Mr. AMES. Well its—

Chairman DECONCINI. Do think—

Mr. AMES. Well they don't work.

Chairman DECONCINI. They don't work.

Mr. AMES. They don't work as a specific, a truth telling machine.

Chairman DECONCINI. If you know that do, does they Agency know that.

Mr. AMES. Well they ought to know it.

Chairman DECONCINI. They out to know it.

Mr. AMES. They out to know it. Karl Koecher passed it. [Deleted]. There's a lot of [deleted] that passed it.

Chairman DECONCINI. That passed it. When you passed it—

Mr. AMES. I passed it twice.

Chairman DECONCINI. In '91, actually from what the FBI tells us now, that they looked at it and said—

Mr. AMES. They wouldn't have passed me.

Chairman DECONCINI. They said they wouldn't have passed you.

Mr. AMES. These are polygraphers talking about their charts and none of us—

Chairman DECONCINI. Can tell.

Mr. AMES. Can tell. All I know is—

Chairman DECONCINI. When they interrupted it, the first session in '91 level, what did they tell you? Did they say, gee, you gotta little problem here, we need to talk about it.

Mr. AMES. Yeah, and come back. I think it was a weekend in between. And they said come back and we'll resolve it. This is not unusual.

Chairman DECONCINI. Yeah. And so you—

Mr. AMES. It was unusual for me. I had never had, I had always been a one day, one test, easy subject. But I had many friends and colleagues who would it take them three and four days to get through the process.

Chairman DECONCINI. Did you have a feeling they wanted to pass you?

Mr. AMES. No. No.

Chairman DECONCINI. Did you get a feeling they want to not pass you?

Mr. AMES. I had the feeling, that it was the routine, five-year reinterview. I believed that the test was being scrutinized, probably pretty carefully. I did not have a sense that I was a specific target.

Chairman DECONCINI. Target, yeah, you had no—

Mr. AMES. Of an investigation, but I believed that no doubt I was in the zone of people who were of concern.

Chairman DECONCINI. Who would be.

Mr. AMES. And so I believed that the test might have been designed and was being examined with a view towards the, an investigation.

Chairman DECONCINI. An investigation. If the polygrapher had information about your house, your car, your bank accounts—

Mr. AMES. Yeah.

Chairman DECONCINI. Just an internal memo, would you have expected them to ask you about that?

Mr. AMES. That's a hard call to make.

Chairman DECONCINI. Because now we know they had it.

Mr. AMES. Yeah.

Chairman DECONCINI. Or at least they say they had it.

Mr. AMES. Okay.

Chairman DECONCINI. There was such a memo, we're not sure they had it.

Mr. AMES. Right. I heard about that memo last week. Yeah, when I saw it in the press.

Mr. CARLSGAARD. And did you notice during the preinterview or whatever that they were asking you more questions about your finances than usual.

Mr. AMES. No. No. Although in retrospect, the way the conversation went, I didn't perceive it as being steered, but it might have been, it might have been steered into the area of finances. It might have been.

Chairman DECONCINI. But they didn't ask you any questions on the machine.

Mr. AMES. Not on the machine. And the only presumption that I can make, is that for their own reasons they were trying to balance alerting, versus routine.

Chairman DECONCINI. I'm not sure they—

Mr. AMES. And that somehow that's how they came out with—

Chairman DECONCINI. I'm not even sure they had it.

Mr. AMES. That could be.

Chairman DECONCINI. I mean the polygrapher had it.

Mr. AMES. Oh that could be. That could very well be.

Chairman DECONCINI. That's very interesting. The date of it and the avenue it went through. Months, months before it was turned over.

Mr. AMES. Yeah. There is a real brick wall.

Chairman DECONCINI. See in '89—

Mr. AMES. Between the Office of Security and the polygraphers and other things—

Chairman DECONCINI. This memo that is now public refers to these transactions occurring in '89.

Mr. AMES. I was amazed to see that memo.

Chairman DECONCINI. And then the memo wasn't dated until December of '90.

Mr. AMES. That's amazing.

Chairman DECONCINI. And you had your test in '91. And anybody who had that memo, three page memo would have asked you a lot of questions on it.

Mr. AMES. That's right.

Chairman DECONCINI. I mean it didn't take anybody even in a good polygrapher—

Mr. AMES. That's right.

Chairman DECONCINI. In the sense of not alerting you. That said, we'll we got, after they sought it out, and you volunteered, they said let's go through some of this—

Mr. AMES. Yeah.

Chairman DECONCINI. They had a host of things, cars, the house, the bank accounts.

Mr. AMES. That's right.

Chairman DECONCINI. And no questions on it.

Mr. AMES. Well, from their point of view maybe, maybe there were some questions that would have related to that—

Chairman DECONCINI. Tucked in.

Mr. AMES. In polygraphic terms, but I passed.

Chairman DECONCINI. Yeah.

Mr. CARLSGAARD. Why were you amazed that they had that knowledge.

Mr. AMES. Well, it gave me the idea, or the knowledge for the first time that it had been known, not just that I had extra money, but that I had paid cash for the house and that they had gotten CTRs. This to me was very significant because Treasury Department doesn't send, doesn't look up to see who people are as subject to millions of CTRs, they obviously, someone went to Treasury and requested the CTRs on my and other perhaps other people, and came up with CTRs. It suggested to me what I had never realized, and certainly at the time never thought, that an investigation had started so early with such specificity. And that surprised me. That if they knew that then—

Chairman DECONCINI. Why did it take them so long, huh?

Mr. AMES. It is amazing to me.

Chairman DECONCINI. Why do you think it would take them so long? Is there a culture out there that they don't want to discover people like you.

Mr. AMES. Well sure. I mean, you know, putting it in such bald terms, may overstate it. I think it reflects two, it reflects a couple of things. The fact that we don't, that the Agency has not had, like the British or like the KGB, a long history of disasters, of penetrations, recruitment, or traitors within its own ranks. Makes it very difficult to deal with.

Chairman DECONCINI. From their standpoint.

Mr. AMES. From the perspective. It hasn't happened half a dozen times.

Chairman DECONCINI. They don't think it should and it would.

Mr. AMES. And so, you develop all kinds of ideas about how it couldn't happen, or certainly no experience of what to do if you think it's the case. And what it involves. I think, is a reluctance to take it seriously in the sense of allocating resources, making tough management decisions in the face of a lot of competing priorities and in the face of fears. It is no question, has been the nightmare of Agency managers for years. That, you know, a Philby in the Agency or that kind of thing is an unimaginable disaster.

Chairman DECONCINI. Do you—there seem to be like you took this memo, actually '89 they had this information, but it wasn't until December of '90 that they put it into a written memo.

Mr. AMES. Right.

Chairman DECONCINI. From the CI to the Security here.

Mr. AMES. Yeah. Office of Security.

Chairman DECONCINI. Would you have been surprised that they hadn't turned that over to the FBI just from, from what you know goes on.

Mr. AMES. That's awful hard to say.

Chairman DECONCINI. I just wondered what the opinion was as an officer. To an outsider, I can't believe with that kind of info you wouldn't say, we have a big problem with this guy.

Mr. AMES. Yeah. That's right.

Chairman DECONCINI. We don't know that he's the person that we think he may be but we have a problem with this guy—

Mr. AMES. Yeah, one question in my mind—

Chairman DECONCINI. That the FBI, that the professional investigators on this case they didn't do it.

Mr. AMES. One question on my mind was were there two or three or four other people independently that—

Chairman DECONCINI. They were also—

Mr. AMES. Also concerned about. And from the Agency's point of view, turning the case over to the FBI is not simply a matter of getting the assistance of the FBI, it's a matter of it becomes the FBI case and the Agency loses all control.

Chairman DECONCINI. And they don't want to do that.

Mr. AMES. And so there's a feeling that as long as there is something we should be doing—

Chairman DECONCINI. We want to keep it.

Mr. AMES. We should keep it because once we give it to the FBI the Agency is—

Chairman DECONCINI. Almost out.

Mr. AMES. Is a bystander. That's a deterrent to doing that.

Chairman DECONCINI. That's my observation. Going back to the polygraph, Mr. Ames, is there anyway to beat that, as far as you know, professionally, from taking drugs or prepping yourself.

Mr. AMES. No.

Chairman DECONCINI. Nothing.

Mr. AMES. No I don't think so. It's a black box. It's rolling the dice. I went into it in '86 with tremendous apprehension.

Chairman DECONCINI. You did? And you passed it?

Mr. AMES. And I passed it.

Chairman DECONCINI. And that of course—

Mr. AMES. And that of course gave me confidence. That was a routine test.

Chairman DECONCINI. And in that test they would have asked you had any contact with foreign nationals.

Mr. AMES. That's right. And they would have asked me. That's right. And did I have unauthorized meetings with a foreign intelligence service.

Chairman DECONCINI. Yeah. And which you had had.

Mr. AMES. That's right.

Chairman DECONCINI. And didn't show up.

Mr. AMES. That's right.

Mr. CARLSGAARD. Did the Soviets, did your handler give you any coaching or any advice.

Mr. AMES. Yes. They gave me some advice.

Chairman DECONCINI. They did?

Mr. AMES. They did. I managed at the time that was sufficient for me to get a note to my cut out and to receive a note back. And the advice, I'd been, I had no idea what kind of advice I would get.

Chairman DECONCINI. Back from them—

Mr. AMES. You know, wiggle a toe, take a certain drug. I had no fixed expectation. But what I got, were two or three points.

Chairman DECONCINI. From them.

Mr. AMES. From them. Get a real good night's sleep. Be fresh and rested. Be cooperative. Develop rapport with the examiner. Be cooperative. And try to remain as calm and easy as you can. And my first impulse on seeing that advice was, is this the answer?

Chairman DECONCINI. Is this all you've got to do? That's the natural way I live.

Mr. AMES. And I, but as I thought about it, I knew that the KGB had invested tremendous resources and effort in researching the polygraph and trying to defeat the polygraph. And I was also confident that they would give me the best advice they had.

Chairman DECONCINI. Sure.

Mr. AMES. That if there was anyone they wanted to pass a polygraph—

Chairman DECONCINI. It was you.

Mr. AMES. It would be me. So as I focused on it, I said, well I'll take this seriously. And in fact—

Chairman DECONCINI. So you did that.

Mr. AMES. And in fact, I want in there feeling that at least I was giving it the best shot.

Chairman DECONCINI. Were you surprised you passed in '86?

Mr. AMES. I guess surprised, relief, relief washed everything out.

Chairman DECONCINI. And in '91 even more so.

Mr. AMES. And in '91 I was much more apprehensive in terms of thinking that the exam would be structured or scrutinized much more closely.

Chairman DECONCINI. Until you were arrested this year, did you have any idea that they were focused on you any more—

Mr. AMES. No.

Chairman DECONCINI. You knew that you were in the class that would be—

Mr. AMES. No I did not. I believed the effort was primarily still kind of an analytic effort engaged in looking perhaps at me, and maybe other people, but it was still analytic. I did not, I deluded myself. I think had I sat down at any point say over the last two years, and rationally assessed everything relevant to my situation, I could have come to the conclusion that I was in far greater danger of discovery than I ever admitted to myself. But I shrank from—

Chairman DECONCINI. From wanting to face it—

Mr. AMES. From giving it that critical example because of what it would have required in terms of—

Chairman DECONCINI. Covering up.

Mr. AMES. Taking action. Changing. Of doing something.

Chairman DECONCINI. You were surprised when they arrested you.

Mr. AMES. I was completely shocked and surprised.

Chairman DECONCINI. You weren't planning on leaving the country or anything.

Mr. AMES. No. No. The trip I was planning was—

Chairman DECONCINI. It was purely part of—

Mr. AMES. Purely work and I was looking forward to it.

Chairman DECONCINI. What, we talked a little bit about the compartmentalizing out there at the Agency and the DO and that you indicated that there wasn't, a hey let's let's talk about stuff, you just didn't get into it, it wasn't asked, and if it wasn't your place you had to justify a need to know if you got into it.

Mr. AMES. That right. And that's particularly within SE Division.

Chairman DECONCINI. Yeah, within the SE Division, did you find any reassessment of compartmentalizing or—

Mr. AMES. Yeah.

Chairman DECONCINI. Or of security, you know, did they come around and say now you know Mr. Ames you're compartmentalized in this area, in terms of the Soviet Union. Now that you are going off to Rome, or now that you are back here you are going to be out of that compartment into another one.

Mr. AMES. It was never explained. It is simply understood in those terms.

Chairman DECONCINI. It was?

Mr. AMES. Simply understood in those terms.

Chairman DECONCINI. How do you mean?

Mr. AMES. When I came back from Rome to take the very interesting and exciting job of chief of the European operations of the division, it became apparent to me that they had in response to '85, '86, that they had tightened compartmentation even further. And that high value cases that might have in the past, might have been run by my branch in Europe, were being run by a kind of back room operation.

Chairman DECONCINI. That you wouldn't have access to.

Mr. AMES. That I had no access to. And in fact, for the two or three months that I had that branch, it—

Chairman DECONCINI. That was done before you got there.

Mr. AMES. That's right. It happened while I was in Rome. As, [deleted] had introduced a whole series of tightening up in response to the disasters that happened.

Chairman DECONCINI. But you had no indication that you had anything to fear.

Mr. AMES. No. No. This was a general response undertaken to protect from whoever might have been responsible for that, or for the future problem. And if you didn't have job related access, you didn't have it.

Chairman DECONCINI. How easy was it to walk out of Langley with documents.

Mr. AMES. Very easy. There's no search.

Chairman DECONCINI. There's no search.

Mr. AMES. There's no search.

Chairman DECONCINI. Why is that? Is everybody just supposed to be trusted?

Mr. AMES. I guess so. Admiral Turner had instituted, Director Turner, in his tenure had instituted a system of sort of spot checking.

Chairman DECONCINI. I see.

Mr. AMES. To develop a kind of deterrent.

Chairman DECONCINI. That's been dropped.

Mr. AMES. And had been very unpopular. And was one of the many reasons he was so unpopular.

Chairman DECONCINI. Is that right?

Mr. AMES. And it was dropped and that was the end of it. So I was amazed to see that this Commission, this Smith Commission or whatever, panel, actually explicitly said they considered the policy of searches, but dropped it. That's very strange.

Chairman DECONCINI. People out there, who work there, they object to it, they think that questions their integrity.

Mr. AMES. Well, they would say that. What it would really reflect is the inconvenience involved and the fact that it hadn't been a practice and the institution of a new practice that causes an inconvenience, people will have a million reasons.

Chairman DECONCINI. Put you hat on for me as a, prior to your arrest, and as a professional out there, is there a feeling that gosh we shouldn't be, I mean we are the trusted jewels of the United States Government with intelligence. We shouldn't be asked to disclose our financial records. We shouldn't be asked to look in our briefcases. We shouldn't be asked because we are cleared. We are that. Is that the general feeling out there? Genuine?

Mr. AMES. I would say there is a, there is a feeling like that. And a very strong feeling. But there are a couple of other feelings that counterbalance or go along with it in a funny way. One is that as a matter of the culture, people do recognize and understand the need for good security measures. Compartmentation and other things. So there is a recognition that in this special business, special measures are called for. So these two exist in an uneasy tension.

Chairman DECONCINI. Yeah.

Mr. AMES. Which is very strange.

Chairman DECONCINI. It means the security is okay for everybody else.

Chairman DECONCINI. That's right. But it's okay for us too, but in this area, but maybe not in this area. There's a strange tension, because you will find, I think, as you talk to people that they will

admit that in the business of intelligence and counterintelligence that special measures are needed.

Chairman DECONCINI. How is the Office of Security out there viewed?

Mr. AMES. They're viewed as a kind of a policeman. Not sensitive, not aware of the real dimensions of intelligence security. They are people who watch the gates, and change the combinations on the safes and things like that. Mechanical.

Chairman DECONCINI. Mechanical. And do you think that's pretty widespread.

Mr. AMES. Yeah. And I think there's some justice in that. In that feeling. There's a third set of attitudes I think that goes along with these other two. Which is, which is a distrust of management and their ability to resist abusing security policies.

Chairman DECONCINI. For instance.

Mr. AMES. That, for example, financial information, or information with Office of Medical Services that management could misuse or abuse this to the detriment of people, careers—

Chairman DECONCINI. Detriment of persons—

Mr. AMES. To careers or that sort of thing. There's a certain distrust.

Chairman DECONCINI. I take it there, correct me, I take it that there is an attitude among many that this is a go along, get along to go along and vice versa, that you know you've got to be in a pattern of moving along here, even though it may not be personal friendships, that you are bowling with the guys, but you've got to get along with them and there's a certain animosity up here above you or someplace that you've got to get around or get through. Is that, can you determine that. What I'm trying to establish, why—

Mr. AMES. With different rules for different people I would say.

Chairman DECONCINI. Why. Why is it? Is it favoritism?

Mr. AMES. Yeah. Yeah. There is a general sense of which I think is common in many institutions—

Chairman DECONCINI. Oh sure.

Mr. AMES. That certain people are selected for either fast tracking or favorable treatment and if they have a problem of some sort, the problem gets solved for them and other people they would have a serious problem.

Chairman DECONCINI. A lot of women have complained to us that they just didn't get any breaks at all. Is that generally an attitude?

Mr. AMES. I share that view. Whether you are talking about women, or Hispanics or Blacks.

Chairman DECONCINI. Any minority.

Mr. AMES. Yeah.

Chairman DECONCINI. The white anglos were the ones that were on the fast track if you were on it.

Mr. AMES. Absolutely. Now a lot of them weren't.

Chairman DECONCINI. Were you on the fast track?

Mr. AMES. No.

Chairman DECONCINI. You were not?

Mr. AMES. No, I never was.

Chairman DECONCINI. You were considered more of the mainstream officer?

Mr. AMES. That's right.

Chairman DECONCINI. Neither a problem—

Mr. AMES. That's right.

Chairman DECONCINI. Nor the ones that are going to go to Station Chief, Chief of Station, some—

Mr. AMES. Now there's a . . . in all of the publicity and all of the statements that have been said either officially or unofficially about my professional reputation, or my personal reputation, I haven't tried to defend that in any particular way, and it's not relevant to what I did either. But in the context of looking at what we are talking about today, and these things, I should enter at least some kind of proviso that my history of alcohol problems was not a great one.

Chairman DECONCINI. It wasn't?

Mr. AMES. It was not a big one.

Chairman DECONCINI. Even though there have been some complaints about it.

Mr. AMES. That's right. . . . in my case was not a particularly serious one.

Chairman DECONCINI. Serious case.

But is there a problem dealing with that out there? I mean, they don't provide counselors, they don't offer AA?

Mr. AMES. They do provide counseling; they do provide counseling. They do. And in fact, I was counseled. My Chief of Station in Mexico City used the private channel to the Office of Medical Services to recommend that I be counseled for alcohol abuse.

Chairman DECONCINI. When you came back?

Mr. AMES. When I returned. I was due back in headquarters in five or six months. And in fact, that was done. And I was very cooperative with the counseling, but it was just one session, and we talked about it. And you see, I was—I was not a serious case.

Chairman DECONCINI. You were not considered a problem?

Mr. AMES. That's right. There were some real problem drinkers.

Chairman DECONCINI. You were just considered a mainstream guy that goes drinks a little too much sometimes.

Mr. AMES. That's right. And—

Chairman DECONCINI. And you weren't doing anything—

Mr. AMES. And it has slopped over enough times—it had slopped over enough times that from—that at least one occasion and on a couple of other less formal occasions, it was noted.

Chairman DECONCINI. Yes. These were at functions you were at—

Mr. AMES. That's right; that's right.

Chairman DECONCINI. Or coming to work with alcohol on your breath and not being able to function.

Mr. CACHERIS. But there were some real sloppers out there. As contrasted to you, there were some serious drinkers?

Mr. AMES. Well, that's right; that's right. I mean, there were many much more serious problems of alcohol abuse.

Chairman DECONCINI. What do you call a serious problem now?

Mr. AMES. The alcohol counseling would extend, they would be given leaves of absence, they would be put in—you know, encouraged to enroll in a program.

Chairman DECONCINI. They were fired?

Mr. AMES. Some of them were fired, that's right. And I simply wasn't in the zone of that kind of serious—serious activity.

Mr. CARLSGAARD. The Mexico City, when the Chief of Station sent the message back through channels about the need to go through treatment, did you sit with the Chief of Station and discuss this and—

Mr. AMES. No.

Mr. CARLSGAARD. You agreed upon this?

Mr. AMES. No, I didn't know that he had done that.

Mr. CARLSGAARD. Oh, you did not know.

Mr. AMES. But his deputy talked to me separately from that, and we talked about how I had to get on top of this and deal with it.

Chairman DECONCINI. And of course, the smart thing to do is say, yeah, sure.

Mr. AMES. Well, absolutely, and in fact I was concerned. I mean, I—in all these debriefings and in other ways, I have discussed the continuing problems I have had with alcohol very openly. But I think it is important, when you look at counterintelligence reviews or personal security, these issues, brought into view by my case, that alcohol not be—is not a particularly useful signal or profile, in my case.

Chairman DECONCINI. In your case?

Mr. AMES. That's right.

Chairman DECONCINI. That would have alerted somebody.

Mr. AMES. Yeah, that's right.

Chairman DECONCINI. Let me go back to one—excuse me, just one other question, before I forget. We talked about documents or security out there at Langley or anyplace else. Are there any physical or technical procedures in place that would deter an employee from walking out with classified—highly classified information under their arm, just part of it or the way—

Mr. AMES. It is—everyone knows that you are subject to search entering or leaving.

Chairman DECONCINI. Yeah. Can you take material—

Mr. AMES. But this is never done.

Chairman DECONCINI. Home and work on it legitimately?

Mr. AMES. That is really not done.

Chairman DECONCINI. You're not supposed to do it.

Mr. AMES. That is really not done.

Chairman DECONCINI. But obviously people do it.

Mr. AMES. But people say that people in the DI, analysts, might do that, but I don't know. In the DO, it is really not done.

Mr. CACHERIS. If you knew that there was going to be a search each time you went in and out, would that have deterred you or would you have changed your method of operation?

Mr. AMES. Absolutely; absolutely. I would not have been able to walk out with those documents. I would have had to make notes—

Chairman DECONCINI. Take copies—

Mr. AMES. To conceal them on me or something like that. It would have been much more difficult.

Chairman DECONCINI. So it was very easy to get information out?

Mr. AMES. That's right.

Mr. CACHERIS. But you knew you could walk in and out without a search—

Mr. AMES. That's right.

Mr. CACHERIS. And so you did.

Mr. AMES. That's right; that's right.

Chairman DECONCINI. Is the same true in Rome or any other station?

Mr. AMES. And even more true in the field, because given the cover of stations and everything, it would be even more difficult to implement any kind of search policy.

The polygraph is of issue here as a deterrent. While the polygraph really doesn't work as it is billed, it is a kind of effective deterrent—

Chairman DECONCINI. It's like a search—

Mr. AMES. That right; people fear it. Many people think it works. Or even in my case, believing strongly as I do that it doesn't really work as it's said it works, it is a roll of the dice. And it might—you know, even if I am telling the truth, it might say I am lying.

Now, the Agency's use of the polygraph, that technically there was a five year reinvestigation policy, and every five years there would be kind of a background follow up, background check, neighborhood checks, and a polygraph. But this had fallen into disuse over the years, and as—in 1985, when I was shaping this plan, in April, I had not had a re-polygraph since 1976.

Chairman DECONCINI. Oh, you hadn't? Make a note of that, Tim.

Mr. AMES. And I had many friends, I had many—I knew many people who hadn't been polygraphed for 10 or 15 years. It had fallen into disuse.

Chairman DECONCINI. Nobody calls up and says, geez, my five years is up.

Mr. AMES. That's right. So I had no expectation at that time that at any particular time in the near future—

Chairman DECONCINI. You'd be called in.

Mr. AMES. I would have to take a polygraph. Had I known that it has been three years or four years since my last polygraph and that I would have to take a polygraph test a year or two years hence, for sure, that could have deterred me. That could have given me pause.

Mr. CACHERIS. Wasn't there a policy that when you came back from overseas, you always were polygraphed?

Mr. AMES. No.

Mr. CACHERIS. No?

Mr. AMES. No. That may have arisen from the fact that once you have a regular series, they might defer giving you your five year until you come back from a foreign posting, and delay it for a year.

Chairman DECONCINI. You had something for him?

Mr. SNIDER. Yes, sir.

You had mentioned that your alcohol problem was not really a serious one, but you said that there were a couple of occasions

where it had sopped over, I think you put it, into your official duties.

Mr. AMES. Uh-huh; that's right.

Mr. SNIDER. I just wonder if you could be more specific in terms of what those examples were.

Mr. AMES. Okay.

There was only one occasion in which I came to the office drunk and unable to do my duties—one occasion in Rome. On the two—two scandalous episodes, let's say, one occurred in Rome and helped to stimulate the COS's report to Medical Services, was a reception that I attended, a diplomatic reception, in the American Embassy. It was a meeting of the diplomatic association, a cocktail party. And I had too much to drink and got into a kind of a loud and boisterous discussion, semi-discussion, argument, with a Cuban—with DGI official. But people noticed that I had had—that I was drunk. And this caused alarm. But I had already had a kind of a reputation of regularly going out with a group of people and taking a long lunch and having too much to drink. But not returning drunk or incapable. But that reputation, you know, had developed. And then that incident triggered [deleted] use of that back channel.

Mr. CARLSGAARD. You said that was in Mexico.

Mr. AMES. That was in Mexico.

Mr. CARLSGAARD. Oh. But I thought you said this—

Mr. CACHERIS. I thought you said Rome was where you—

Mr. AMES. No, no. In Rome I went out—

Chairman DECONCINI. And you did the long lunches.

Mr. AMES. And I had some long lunches in Rome and would come back, but I wouldn't come back incapable.

Chairman DECONCINI. The reception where you got in the discussion with the Cuban was in Mexico.

Mr. AMES. Was in Mexico.

Mr. CACHERIS. Mexico; you said Rome.

Mr. AMES. That's right; that's right.

Mr. CACHERIS. You meant Mexico.

Mr. AMES. No, I was referring to only one instance—

Chairman DECONCINI. So in Rome you were just enjoying a good Italian lunch that took three hours.

Mr. AMES. That's right. Although there was a scandalous episode, again involving a reception in Rome. And that was the 4th of July reception at the Ambassador's residence in his gardens. And Rosario was in—was visiting Bogota at the time, and so I started drinking, and my own pattern of sort of semi-binge drinking is that while I might drink too much, or more than I should, I could often stop and not get totally drunk or incapable. But on very few occasions, the inhibition would stop and I would just keep drinking. And that is what happened at that reception. And I have no recollection of the latter half of the reception, and I walked home and I passed out on the street beside my apartment building. And I woke up in the hospital.

Now, this didn't give rise to any counseling.

Chairman DECONCINI. It didn't.

Mr. AMES. No; no.

Chairman DECONCINI. And there was no question—

Mr. AMES. No. My Chief of Station, when he saw me in the hall the following Monday, he looked at me, there was never any discussion of what had happened. He looked at me and he said, "You should be more careful."

Chairman DECONCINI. And you said—

Mr. AMES. And I gave him kind of a—probably a kind of a hang dog and apologetic look and said, I know I have—that was really a—I must—that was really something, to that effect. And that was that.

Mr. CACHERIS. Did they know you had been hospitalized?

Mr. AMES. I think he did and no one ever mentioned it. And I was so ashamed and embarrassed over it, I didn't push it further.

Mr. SNIDER. Was the KGB aware that the people that you were dealing with, that you had this tendency to drink on occasion?

Mr. AMES. Yes, they did. And it worried them; and it worried them. Probably they—I don't think they really noticed it until Rome. And of course, I didn't have any personal meetings with them until Rome, with that one exception in Bogota in '85.

But I have had—I drank much too much before I met Vlad in October in Rome. I also discovered that I had a prostate infection, in the half hour before the meeting. I had been feeling very badly, and I went to the meeting site an hour early and sat and drank and then I went to the bathroom and my urine was heavily bloody. It scared me to death, and I didn't know what was wrong. So I was really upset. But also I had had a lot to drink when I met Vlad.

Chairman DECONCINI. Right.

Mr. AMES. And we met and we talked. And what he told—he made arrangements that we were going to meet at the same place the next night and he was going to bring money; we were going to have a second meeting the next night. Only I forgot about it. It washed out of my mind, with the alcohol. And I missed the next meeting. And when I saw him later, six months, nine months later, I apologized for that. And I had earlier told him in a letter about the infection and everything, which had all cleared up, and no problem.

But when I told him about it, it was very interesting. I said—I said, you know, I am sorry about the—about missing that meeting and the—and the—and, you know, all of the problems associated with that, and I said, you know, I had—I simply had had too much to drink, both before the meeting and then during the meeting, because we sat at a cafe and I continued to drink. And he dismissed it. Just like an Agency manager.

Chairman DECONCINI. Okay.

Mr. AMES. He said, no, no, no, you were sick. He said, no, you were sick. You had that terrible infection. And he didn't want to talk about it.

Chairman DECONCINI. He didn't want to face it.

Mr. AMES. That's right. He didn't want to task me with it or to appear judgmental, and he withdrew from it.

Chairman DECONCINI. What happened, you missed the meeting and he was supposed to pass money to you so—

Mr. AMES. I missed the meeting.

Chairman DECONCINI. What, the cut out gave it to you later?

Mr. AMES. Later I met the cut out and got back on track.

Chairman DECONCINI. Let me go back to the Agency, though, so I understand. You talk about compartments and what have you, were there meetings where you would sit in a room like this and talk obviously about classified subjects, was that cut out of—you know, would that determine what you're going to talk about?

Mr. AMES. Yes.

Chairman DECONCINI. Is there any structure?

Mr. AMES. Yes.

Chairman DECONCINI. We're going to go into this room and we're going to talk about—

Mr. AMES. That's right.

Chairman DECONCINI. Certain cases that you had authority and—

Mr. AMES. That's right; right.

Chairman DECONCINI. Plato had authority and I had authority?

Mr. AMES. And you have a—

Chairman DECONCINI. Now, were you ever allowed to go into a room that wasn't sure whether or not you—this—

Mr. AMES. You mean from the physical security of the room?

Chairman DECONCINI. The physical security.

Mr. AMES. There was a general presumption in headquarters that it was physically secure.

Chairman DECONCINI. No, I don't mean physically secure from outside.

Mr. AMES. Oh, okay.

Chairman DECONCINI. From—from—were you able to lop over into areas that maybe weren't your real—

Mr. AMES. No, no, no; no.

Chairman DECONCINI. But because you're part of the—

Mr. AMES. This kind of thing could happen in a minor kind of way.

Chairman DECONCINI. I see.

Mr. AMES. There's a—there is a—everyone has a kind of a finely developed and long term developed sense of when you have a meeting, who's there and what we can talk about.

Chairman DECONCINI. I see. And generally they don't slip, don't generally—

Mr. AMES. And you generally are very careful and it is kind of—you are kind of—it is almost automatic.

Chairman DECONCINI. And that would go with material as well that was there at the meeting?

Mr. AMES. That's right; that's right. For example—

Chairman DECONCINI. If I had material and I was in a compartment that you weren't, I wouldn't be likely to bring it up—

Mr. AMES. No, you would not.

Chairman DECONCINI. Even though I had it with me and I was going to another meeting.

Mr. AMES. That's right. [Deleted] made a famous joke during an SE Division staff meeting on one occasion, when all the branch chiefs in the division and group chiefs gather once a week for a staff meeting. He commented at the beginning of one, he said if the KGB could only listen in to these staff meetings, they would be amazed at how little they would know. Because in a group that

size, virtually nothing of any operational sensitivity could be discussed.

Chairman DECONCINI. What about documents out there, control of documents? If there was a document that hadn't come in to you but was made reference to the report that came into your in-basket, was there a control over documents, and did you ever go get any?

Mr. AMES. Not a formal control, in the sense of top secret and codeword documents being numbered and logged, not at all.

Chairman DECONCINI. Did you ever sign out for them?

Mr. AMES. No. Documents were controlled by their initial distribution. Routine operational traffic is sorted sort of automatically and sent to the offices—only to the offices that are supposed receive, according to whatever criteria.

Chairman DECONCINI. That's what you got, uh-huh.

Mr. AMES. More sensitive levels of traffic, with different controls on them, different levels of sensitivity, stills secret documents, would be handled more manually and routed, say in the SE Division front office, and sent only to the people or the offices authorized.

Chairman DECONCINI. So some of that would still come to you.

Mr. AMES. And I received a lot of that.

Chairman DECONCINI. But now if you were reading one of those and it said—made some reference to some document that—

Mr. AMES. Right.

Chairman DECONCINI. Was codeword, top secret or something—

Mr. AMES. Right, right.

Chairman DECONCINI. Because it had a source or something.

Mr. AMES. Yeah.

Chairman DECONCINI. Could you, because you were in the compartmentalized there, you could go see it if you thought—

Mr. AMES. I could go—I could go to that office and say—

Chairman DECONCINI. I want to see it.

Mr. AMES. You know, I am looking at such and such a case, and apparently there was a report that might have related to this, can I take a look at it?

Chairman DECONCINI. Now, was there any control of that? Did you have to sign to see it?

Mr. AMES. No. Unless it were top secret or something.

Chairman DECONCINI. Unless it was top secret.

Mr. AMES. The other—the person in the other office, the responsible officer—

Chairman DECONCINI. Who had it.

Mr. AMES. Would either make a decision or consult with his boss and say, is this appropriate.

Chairman DECONCINI. Yes.

Mr. AMES. And you might get the answer of, no, you've got to go talk to my boss if you want to see that. Or they might say, oh, sure

Chairman DECONCINI. You can have it.

Mr. AMES. You know, that's obviously related—

Chairman DECONCINI. If it were top secret, someone would have to clear that, even though you were cleared for top secret?

Mr. AMES. If it were top secret, to get the document, you would have to sign the long—

Chairman DECONCINI. You would have signed the log.

Mr. AMES. Or there is this control over it. But top secret seldom arose.

Chairman DECONCINI. Is that right?

Mr. AMES. We're dealing almost exclusively on the secret level.

Chairman DECONCINI. The secret level.

Mr. AMES. But there were codewords, if you will, or slugs, or designators, for various sorts of secret traffic and correspondence, that limited the way it was distributed.

Chairman DECONCINI. Yes.

Was there ever any rumors or reality of any lost documents within the Agency out there?

Mr. AMES. Oh, yeah. Every time they would inventory top secret documents, you know, hundreds would turn—hundreds and thousands would turn up missing.

Chairman DECONCINI. Would be gone.

Mr. AMES. Bureaucratic inertia and friction.

Chairman DECONCINI. And that's what it was attributed to.

Mr. AMES. That's what it was attributed to. And given the tremendous numbers, not so much in the DO—

Chairman DECONCINI. It could happen.

Mr. AMES. It's certainly plausible.

Chairman DECONCINI. Possible. Did anybody follow up on those, or did they have a—

Mr. AMES. I don't know.

Chairman DECONCINI. You don't recall anything?

Mr. AMES. I feel there wasn't much follow-up.

Chairman DECONCINI. When there was an accounting and there was a accounting of a lot of losses, there wasn't some, well, new policy coming down now, everybody's going to sign in and sign out.

Mr. AMES. I—yeah—I don't think so, no un-huh.

And there was always—and files would get lost. You would go and look for a file on a Soviet official or a project—

Chairman DECONCINI. Could't find it.

Mr. AMES. And it would just have sort of disappeared from the face of the earth.

Chairman DECONCINI. And nobody had—

Mr. AMES. And everyone would religiously search and look, and it might turn up years later, or it might not.

Chairman DECONCINI. So there is no document control in the file.

Mr. AMES. There's no—there is no really foolproof or—

Chairman DECONCINI. So I understand, there was a file room where all these files were.

Mr. AMES. Yeah, that's right.

Chairman DECONCINI. And you got reports, primarily, that made reference to these different agents or different people or what have you.

Mr. AMES. Right; right.

Chairman DECONCINI. If you wanted to go look at one, you just went into the file room, because you were cleared, and pulled it out.

Mr. AMES. Well, no. Active files—active files that are in operational use would be charged out from the file room—

Chairman DECONCINI. To you or to—

Mr. AMES. To the particular officer or particular branch.

Chairman DECONCINI. Or the branch had it.

Mr. AMES. So they would keep them, there so they would have ready access to it.

Chairman DECONCINI. And you would have total access to those.

Mr. AMES. And we would have total access to those.

Chairman DECONCINI. Now, but if you wanted to see something in the past that had been closed—

Mr. AMES. You would send for the files.

Chairman DECONCINI. You would—

Mr. AMES. You would send for the files.

Chairman DECONCINI. You would send for the file, or would you go get it yourself?

Mr. AMES. You could send for it and it would be brought, or you could send someone from the branch, who would go and get it.

Chairman DECONCINI. You would go get it.

Mr. AMES. If someone would—

Chairman DECONCINI. And when you went in the file room, you pretty well could get what you want?

Mr. AMES. You—no, no. The files, the file room itself—

Chairman DECONCINI. They had controls on that.

Mr. AMES. It was controlled, that's right.

Chairman DECONCINI. You had to show, I want the file of so and so—

Mr. AMES. You had to fill out and you had to show that, number one, they would have your badge number, so they would have a confirmation of the identify of the person to whom they were giving it.

Chairman DECONCINI. Okay; okay.

Mr. CARLSGAARD. But the material that was delivered to the branch—

Mr. AMES. Current traffic, yeah.

Mr. CARLSGAARD. Current traffic.

Mr. AMES. Before it enters the filing system.

Mr. CARLSGAARD. Is that the kind of stuff that sometimes would never turn up? I mean, it would just—

Mr. AMES. Sure. And immense numbers of copies would be floating around besides the official copy that would go to the file.

Chairman DECONCINI. Could you make copies?

Mr. AMES. Sure; sure you could. There are Xerox machines all over.

Chairman DECONCINI. That's what you could take home real easy, huh?

Mr. AMES. Yeah, except I didn't really do that. I always had enough copies at my own disposal.

Chairman DECONCINI. They'd just give you more than one copy.

Mr. AMES. Yeah.

Chairman DECONCINI. Why was that? Look what happened.

Mr. AMES. It's the nature of the system.

Mr. CACHERIS. No prohibition against making copies, Rick?

Mr. AMES. There's a prohibition against making copies of top secret material, of secret material that is designated as restricted handling, which is the traffic, for example, involving most Soviet agents was under restricted handling.

Chairman DECONCINI. But you would get those—

Mr. AMES. And there was a policy saying you could not Xerox those.

Mr. CACHERIS. But you could still do it?

Mr. AMES. It could still be done. But actually, I don't think people would.

Chairman DECONCINI. But you would have more—but you would have more than one copy of that.

Mr. AMES. I would have one copy at my own disposal, or two copies, that's right.

Chairman DECONCINI. And nobody checked that you had two copies and then later you only had one copy.

Mr. AMES. No, no, no.

Chairman DECONCINI. It's just—and that is what you took out.

Mr. AMES. That's right.

Chairman DECONCINI. Does that impress you, as it does me, as being an awful sloppy operation?

Mr. AMES. Of course; of course. The KGB had tremendous difficulty at first to understand—

Chairman DECONCINI. How—

Mr. AMES. Because they were worried to death about my security—

Chairman DECONCINI. Yearh, how you could get a copy of this thing.

Mr. AMES [continuing]. And they said how can you get this stuff—

Chairman DECONCINI. And not be detected.

Mr. AMES. Yeah. They couldn't understand how I could do this without damaging my security.

Chairman DECONCINI. Yeah.

Mr. AMES. But eventually, they came to appreciate—

Chairman DECONCINI. But you understood it.

Mr. AMES [continuing]. They came to believe me when I said, well, this stuff is just floating around.

Mr. CACHERIS. You produced.

Mr. AMES. The problem we have is the gargantuan size and complexity of the DO's operations. It is so big, there are so many people, so many stations doing so many things, everyone having to coordinate with everyone else, coordinate with legal counsel, coordinate with the DI, it's the Intelligence Community, and the DO's role in it, and the problem of gigantism, which results in tremendous flows of paper.

Chairman DECONCINI. And loss of control.

Mr. AMES. And loss of control of that paper and that information.

Chairman DECONCINI. Do you think it is necessary?

Mr. AMES. If you want to have an espionage service consisting of [deleted], all over the world doing all kinds of who knows what, and put—and require that it interface both legally, bureautically, with all other kinds of entities back in Washington, I don't see how you get out from under it.

Chairman DECONCINI. You don't—

Mr. AMES. If you have a small intelligence service, with very restricted—

Chairman DECONCINI. Missions and things that you want to do.

Mr. AMES [continuing]. Targets and missions and it is small and it is isolated, it's separated, you can solve that problem.

Chairman DECONCINI. In other words, it is too big to expect anything more, in your judgment.

Mr. AMES. You expect it to do too many different things, in my judgment.

Chairman DECONCINI. Too many missions or directions.

Mr. AMES. Yeah, yeah, yeah. That's right.

Chairman DECONCINI. You have anything to ask?

Mr. SNIDER. Just one additional point along the same lines of security and control of documents. Were there any safeguards in terms of people dumping data on to computers onto discs and walking out with those? There are safeguards to that or is that an easy thing to do?

Mr. AMES. In the DO it is very difficult. The policy in the DO has always been not to have an open, say a floppy drive, on a LAN or a work station, so you cannot insert and dump down and remove magnetic media with traffic on it. And in the DO that is out of the question.

In the DI the floppy drives are open. And in the Counternarcotics Center, while I was in the operational component of it, it—the Counternarcotics Center is administratively located in the DDI, in the DI. And so there where my computer in my work station had an open floppy drive.

Chairman DECONCINI. I see.

Mr. AMES. And—

Chairman DECONCINI. And still handling secret material.

Mr. AMES. And you could down load onto a floppy disc sensitive or—not sensitive, but real operational traffic that we got. Now, that only happened last November, and I did not have the opportunity to pass any of that. But I was preparing to.

Chairman DECONCINI. You were?

Mr. AMES. I was preparing to. I had something like three or four hundred documents on three floppy discs that I was preparing to pass through a dead drop. Secret cables from all over the world, that I was preparing to pass in a dead drop in Washington.

Chairman DECONCINI. And there is no way they were going to be able to detect that, is there?

Mr. AMES. I was taking a big risk, because there are software monitoring programs to try and detect that.

Chairman DECONCINI. Detect it.

Mr. AMES. And I don't know anything about those. And I was taking a risk in testing to see what would happen. And—

Chairman DECONCINI. You did take some discs out, didn't you? Some—

Mr. AMES. I never passed any information on disc. What I did in Washington when I came back from Rome, the letters, the notes and letters that I would pass to the KGB in a dead drop—not the documents, but my own message to them, I would put on a floppy disc and that would be in the dead drop.

Chairman DECONCINI. You kept that at home.

Mr. AMES. And I did that at home. That's right.

Chairman DECONCINI. So that was your own—

Mr. AMES. That was my own message to them.

Chairman DECONCINI. Tim, have you got anything?

Mr. CARLSGAARD. A couple of points.

There was an incident in New York early on where you were going to a meeting, I think, with—to meet a Soviet defector, and you left a briefcase full of top secret material—

Mr. AMES. Oh, that.

Mr. CARLSGAARD [continuing]. On a subway or bus?

Mr. AMES. Oh, yeah.

Mr. CARLSGAARD. And I think the FBI recovered it. Can you—

Mr. AMES. Well, it was a terrible episode. At that time, the agent was in New York, but I was his headquarters case officer and his field case officer, and—

Mr. CARLSGAARD. He worked for you?

Mr. AMES. Yeah, I was his case officer.

Mr. CARLSGAARD. The Soviet.

Mr. AMES. The Soviet's case officer. And I would travel to New York once or twice a month for meetings with him in a safe house. I would meet with him with the Bureau—the Bureau participated in the case—and conduct the meeting and then come back to Washington, write it all up. What I—my normal practice was to carry requirements, just one or two pages of the agenda for the meeting, the questions I had and things, in a concealment briefcase, in a false panel in a briefcase, and I would take the Metroliner up to New York. I would meet with the New York base people, with the Bureau, go over the meeting plan, and then I would go to the safe house and have the meeting.

The safe house was up in the Bronx, and I rode the subway up, and I would usually get up about 4:00 a.m. to get down to Union Station, catch the first Metroliner. So I would be kind of a little tired. And I would ride the subway. And I had to get off early because I needed to buy some batteries for my tape recorder. So all of a sudden I kind of got alert this is the station, I've got to get down and buy some batteries. So I jumped out of the subway, and went in and I bought the batteries, and then I realized—

Chairman DECONCINI. Left your briefcase.

Mr. AMES [continuing]. I left my briefcase.

So I immediately ran up to the subway. The end of the line was not far. I went up the other side, hoping to inspect the cars as they came back from the other end of the line. And I looked, nothing there. I called the subway—I called the subway to report the loss.

Chairman DECONCINI. Did you tell them it was government?

Mr. AMES. No, no. I just said I lost a briefcase, and described the briefcase. And then I went up to the end of the line, thinking maybe someone grabbed the briefcase, looked to see if there was any money, and tossed it in the trash. And so I looked in trash receptacles. After about an hour, I had done what I felt I could myself, and so I went to the safe house, which was nearby, and called the Chief of Base and said I have to come down and meet you immediately, we've got a real problem. And so we got together that

afternoon and told the Bureau immediately, because we were worried to death because also, the reason the safe house was up in the Bronx was because the Soviet residential complex was nearby. In other words, the chances of Soviets riding the same subway were reasonably high. And of course, we were absolutely anxious and scared of what might happen.

The requirements would not have identified him. Or—well, the requirements could have pointed to him. But worse, I was returning to him some snapshots he had given me at an earlier meeting with pictures of him and some of his friends, Soviet friends.

Chairman DECONCINI. Oh, Jesus.

Mr. AMES. And that was a great concern. And I was just devastated.

So I went up and I had—we had the meeting. We decided to go ahead with the meeting. And I didn't tell him about the loss of the briefcase, but I told him, well, we have decided—we have instituted a new—we're going to have some new emergency contact plans. And so I gave him a set of new phone numbers and everything that if anything happens, you know, here's the plan.

And then I went back down to the base chief's apartment. They were waiting for me along with a couple of guys from the Bureau. And we were sitting there, we were drafting a little ad to go down in the bottom of the front page of the New York Times.

Chairman DECONCINI. For a briefcase?

Mr. AMES. And while we were doing that, we got a call from the Bureau. A schoolteacher in Queens had found this briefcase and had called the FBI.

Chairman DECONCINI. Had she realized there was something in that?

Mr. AMES. Yeah, because I had not put—I had taken the materials out of the concealment compartment for my meetings that morning with the base and the FBI and talking about the meeting and I had not put them back in the concealment. And I knew this, and we had known that.

Chairman DECONCINI. And so—and they were identified so as—

Mr. AMES. That's one of the reasons why we were so worried.

Chairman DECONCINI [continuing]. Classified information when the teacher saw it?

Mr. AMES. That's right.

Mr. CACHERIS. I've got to run to another meeting.

Chairman DECONCINI. Plato, thanks a lot. I appreciate it.

Mr. CACHERIS. You guys go ahead if you need to continue.

Chairman DECONCINI. We're going to end up pretty quick.

Mr. CACHERIS. I thought you were.

I'll be in touch with you.

Mr. AMES. I'll see you Monday. Let me know what you think about that angle I was—

Mr. CACHERIS. Yeah, give me a holler tonight at home.

Mr. AMES. Okay, will do.

Mr. CACHERIS. I'll be home.

Chairman DECONCINI. Plato, thanks a lot.

Mr. CACHERIS. Thank you.

Chairman DECONCINI. Drop by for a cup of coffee sometime.

Mr. CACHERIS. Thanks, I will.

Mr. AMES. That was—I forgot to mention, that was of course the big reason for our concern was because we knew, or at least I recalled and I was pretty sure that the compromising material was not in the concealment. So if anyone opened it up, there it would be.

So it was a tremendous relief. I was going through agonies—you know, I was thinking, I am just going to have to quit, you know, retire, or something, if anything happened.

Chairman DECONCINI. What year was that?

Mr. AMES. This was in 1975.

Chairman DECONCINI. So it was a long time ago.

Mr. AMES. Yeah, a long time ago.

Chairman DECONCINI. Were you drinking then.

Mr. AMES. Oh, no.

Chairman DECONCINI. This was just a—

Mr. AMES. This was just a disastrous lapse or whatever. And I got a written reprimand.

Chairman DECONCINI. Which you expected, I guess.

Mr. AMES. Yeah, uh-huh. And as recompense I was required to draft—draft a long set of procedures—

Chairman DECONCINI. To keep this from happening.

Mr. AMES. To keep this from happening again.

Chairman DECONCINI. What happened to those?

Mr. AMES. Well, they were more or less implemented, I guess.

Chairman DECONCINI. Were they implemented?

Mr. AMES. Yeah.

Chairman DECONCINI. Anything else, Tim?

Mr. CARLSGAARD. I guess just on the FBI, your dealings with them during your career. Did you feel, you know, after you started to work with the KGB, that I certainly have nothing to worry about with the FBI because they're incompetent, or was it, you know, the FBI, I know how good they are and—

Mr. AMES. This is—I think, yeah, that's very relevant, because I used it in a sense to excuse my own carelessness and recklessness, with both money and with keeping operational materials associated with the KGB at home. I sort of told myself that if an investigation ever gets to the point of an on the street FBI investigation that is actually targeted on me, nothing—no cover story, no measure I could take would be proof against that. I had a very high regard for that element of—

Chairman DECONCINI. Have you been able to pass the polygraph test that the FBI, the Agency are giving you now?

Mr. AMES. No. I have—I have failed most of the questions and inconclusive on the others?

Chairman DECONCINI. Why do you attribute that?

Mr. AMES. I think just my general level—

Chairman DECONCINI. Stress?

Mr. AMES. Of stress and tension.

Chairman DECONCINI. And you are worried about your family and—

Mr. CARLSGAARD. Yeah, sure.

Mr. AMES. Otherwise I can't explain it. I passed when I was lying, and not—I mean, they are all concerned with a great number of theories as to what I might be still withholding—

Chairman DECONCINI. And you're not withholding anything.

Mr. AMES. And I am not.

Chairman DECONCINI. There isn't anybody else that you know of?

Mr. AMES. There isn't. If I had had—I mean, my first thought and Plato's first thought when he first met me was that if I had another mole or a big secret to deliver—

Chairman DECONCINI. Maybe you could bargain something.

Mr. AMES. Yeah, my wife wouldn't be in jail.

Chairman DECONCINI. It's pretty—you don't have it and you can't make it up, can you?

Mr. AMES. Nope. I couldn't trade it unless I could pass the polygraph, and I don't have any assurance. What—the way prosecution of my wife has been handled is a source—

Chairman DECONCINI. Of great concern to you.

Mr. AMES. I put her in this.

Chairman DECONCINI. Sure; you blame yourself.

Mr. AMES. And actual level of her involvement and culpability is so low.

Chairman DECONCINI. When did she know?

Mr. AMES. August 92. For a—

Chairman DECONCINI. You told her?

Mr. AMES [continuing]. Year and a half she was aware that I had a relationship with the KGB.

Chairman DECONCINI. She didn't know the extent of it, I guess.

Mr. AMES. She did not know the extent of it.

Chairman DECONCINI. She then realized that the money was coming from there.

Mr. AMES. She knew that at least some of the money was coming from there.

Chairman DECONCINI. And your friend from Chicago still.

Mr. AMES. She—I was—I was very obscurring. She wanted me to stop.

Chairman DECONCINI. She did?

Mr. AMES. Yeah. And I said, yes, but I can't stop right away. You can't get the Russians mad. You know, I played on that fear.

Chairman DECONCINI. Couldn't you have stopped?

Mr. AMES. I was planning to stop when I retired from the Agency.

Chairman DECONCINI. Yeah, but could you have stopped and still been in the Agency without the threat of the Russians—

Mr. AMES. Oh, yeah.

Chairman DECONCINI [continuing]. Pressing you to continue.

Mr. AMES. Oh, sure. I believe so.

Chairman DECONCINI. They would have had—

Mr. AMES. I was lying to her. I was playing on what I knew would be her fears. That I had to handle withdrawing from the KGB with great tact—

Chairman DECONCINI. Why didn't you get out? Because you wanted the money? You wanted to continue with the money?

Mr. AMES. That and I think I was dependent on that relationship, in a strange sort of way.

Chairman DECONCINI. With those people?

Mr. AMES. That's right.

Chairman DECONCINI. It was important to you.

Mr. AMES. There were a lot of other psychological components.

Chairman DECONCINI. Were you mad at the Agency?

Mr. AMES. No. You know, resentment, revenge was not—

Chairman DECONCINI. You didn't feel like, God damn it, I have been short changed out here—

Mr. AMES. No, no—un-huh; no.

There were all kinds of ideas that I had and still have that functioned, I think, in ways at the time and evolving that tended to support what I was doing. We call them rationalizations or justifications. And some of these ideas I feel very strongly. I made reference to them in the court statement.

Chairman DECONCINI. What is the biggest problem out there with the Agency from the standpoint of an employee?

Mr. AMES. I think—from an employee's standpoint? A kind of a breakdown of a feeling of trust or loyalty between—

Chairman DECONCINI. Management.

Mr. AMES [continuing]. Employees and management. It's always been a problem.

Chairman DECONCINI. It's always been there.

Mr. AMES. That US News & World Report article was a tremendous shock and revelation to me, that that is breaking down, that it broke down to the extent that so many people talked—

Chairman DECONCINI. Talk about—

Mr. AMES [continuing]. About their problems. This is really strange, very strange.

Chairman DECONCINI. A lot of people willing to talk about that.

Mr. AMES. Very strange. Very unusual.

Chairman DECONCINI. What do you think should be done out there?

Mr. AMES. I have a much more radical view than most.

Chairman DECONCINI. Are you like Moynihan; it ought to be eliminated and put back into the Defense Department?

Mr. AMES. I think you could do some of that. Not so much Defense Department. I think there is a case for a small, very small—

Chairman DECONCINI. Intelligence agency.

Mr. AMES [continuing]. Espionage capability. Intelligence collection across the board is also a big question. Multibillion dollar systems and what's the real product. But I am focusing more on the espionage service.

Chairman DECONCINI. Should be much smaller than what it is.

Mr. AMES. Should be much smaller. We don't need to do all of those things that we talked ourselves into doing. And the world is changing. The political risks of espionage are going up. The kind of—we didn't have political risks conducting espionage against the enemy, against the Warsaw Pact.

Chairman DECONCINI. No, but you had physical risks.

Mr. AMES. Yeah. But political risks to national interests and everything didn't exist. If someone got caught, it didn't matter. In the

shadow of this, we could also conduct espionage freely and that's 90% of the espionage we conducted, against friendly countries. And those are the easy targets.

Without the shadow of the Cold War and the Warsaw Pact, it is absolutely shocking to me—it happens from time to time—but the DCI mentioned, he said, I don't know why I have to bother with this Ames case so much. Well, that's wrong, too, but he said, I want to go back to stealing other country's secrets. Gee, we shouldn't say that. We shouldn't say that. We shouldn't be doing this on a scale at which the Congress, the President, everyone—

Chairman DECONCINI. Is admitting that.

Mr. AMES [continuing]. Is boasting—

Chairman DECONCINI. Boasting.

Mr. AMES [continuing]. About this.

Chairman DECONCINI. Did you see the DCI on the Today Show where he said there's a lot more cases like your's

Mr. AMES. No, sir, but I heard about that. I don't know what he was talking. I think he was—

Chairman DECONCINI. What do you think he was doing?

Mr. AMES. I think he got a garbled version from people who told him about this.

Chairman DECONCINI. I've got to run, and I thank you very much.

Mr. AMES. Okay.

[Tape interruption].

Mr. AMES [continuing]. That the Agency management failed to find me.

Chairman DECONCINI. It was easy to do what you did and not get caught.

Mr. AMES. No. When the KGB wrapped up all of those cases in 85 to 86, it was awfully easy to know what had happened.

Chairman DECONCINI:

Senator CHAFEE. That is was you?

Mr. AMES. Not that it was me—

Chairman DECONCINI. But what had happened.

Mr. AMES. But that—but that one of the most likely explanations for this disaster, unparalleled disaster, was a penetration. CIA management back in 86, 87, had great trouble dealing with it and did not devote any resources to it. That is the biggest failure.

Chairman DECONCINI. Why do you think that is? Just a culture that they don't want to admit?

Mr. AMES. The culture and the difficulty. As well as the difficulty in allocating resources. They are busy with Irangate, they are busy with this, they are busy with that. Woolsey's statement this spring, I don't know why I should be spending all this time on the Ames case.

Chairman DECONCINI. Internal security is not a priority.

Mr. AMES. The sort of feeling that it is not the biggest thing to do. And they should have taken massive steps in 86 and 87 to examine seriously and begin working, in the face of other competing explanations, the penetration possibility.

Chairman DECONCINI. Was it different under Aldrich?

Mr. AMES. Under Angleton?

Chairman DECONCINI. Angleton?

Mr. AMES. No. No, that's—Angleton, that's a great fallacy. Angleton wouldn't have known what to do with a mole if it bit him in the leg.

Chairman DECONCINI. He just had that image, huh?

Mr. AMES. He had that image and he had a lot of paranoid fantasies.

Chairman DECONCINI. But there really had never been anything.

Mr. AMES. And he never conducted a serious counterintelligence or security policies when he was in charge. He just pursued his own things.

The hard problem facing Agency management now or in the future is what if you don't have the kinds of sirens and bells set off that the KGB did set off in 85-86. How do you analyze single cases? How do you know you have a problem?

Chairman DECONCINI. This was so evident.

Mr. AMES. It was absolutely, I mean, startling, and everyone in SE Division knew it and [deleted] knew it and everybody knew it. But Agency management could not bring itself to take acts—

Chairman DECONCINI. Steps, and certainly not bring the FBI in.

Mr. AMES. That's right. Much less even later on. I am talking about a very early stage. If we start talking about 89, 90 and 91, I mean, it is even more glaring.

Chairman DECONCINI. Yes.

Mr. AMES. That is the easy task they failed at. The hard one is how on earth can you ever recognize that you could have such a problem, if you don't have what the KGB admitted to me that they were forced to do that they never would have otherwise done, which was to just chop down all those cases in the full light of day, instead of carefully, one by one, providing reasons—

Chairman DECONCINI. Yeah.

Mr. AMES. To the other side. That's the real hard task. And how they can ever examine that is a whole nother set of reasons.

Chairman DECONCINI. If somebody was doing that today and the other government didn't do a swath like they did here, we wouldn't know it today.

Mr. AMES. That is exactly right.

Chairman DECONCINI. Because there's no procedures or any way or a culture out there that would really pay attention.

Mr. AMES. That is exactly right.

But there is another further, and even the hardest test, because we're talking about the last war. How are we going to cope with how the SVR develops? And they're going to be different over the years. They are not going to be engaged in a full scale assault on the security of the U.S. They are going to have—they are going to behave differently. The Germans, the Japanese, others, non-traditional, the next war, how are we going to detect problems that arise as a result of those. Because they are going to be very different from fighting the last war. And how do you do that.

So basically Agency management looked the other way and failed the real easy, failed to do what was really easy and glaring.

Chairman DECONCINI. Thank you, Mr. Ames.

[End of tape.]

APPENDIX 4. STATEMENT OF FREDERICK P. HITZ, INSPECTOR  
GENERAL, CENTRAL INTELLIGENCE AGENCY

Mr. Chairman, Mr. Vice-Chairman, Members of the Committee and Staff:

Thank you for the opportunity to discuss our investigation of issues relating to the Agency's handling of the Ames case. The investigation has been an unusual one for the CIA Office of Inspector General. First, our inquiry was requested directly by the Chairman and Vice-Chairman of this Committee in late February 1994—shortly after Aldrich H. Ames and his wife were arrested. Normally, the intelligence oversight committees of the Congress ask the Director of Central Intelligence to request an IG investigation, but on this occasion your request was directed to me. The request underscored the oversight committee's intense interest in this particular investigation.

Second, DCI Woolsey asked us not to delve fully into the Ames matter until some time had passed after Ames's arrest for fear of disrupting the Ames prosecution. Based on the DCI's concern and also that of the Department of Justice and the United States Attorney for the Eastern District of Virginia that we do nothing which would potentially complicate any trial of Ames, we confined ourselves to background file reviews and interviews of non-witnesses until the Ameses pled guilty in April 1994. The consequence was, however, that we had to cover a great deal of ground in a much shorter time in order to have our Report ready for the DCI and our Congressional oversight committees by September 1994. I am extremely proud of our 12-person investigative team. Their efforts are evident in the depth and breadth of the Report.

A third unusual feature was that in March 1994, the DCI asked us to seek to determine whether individuals in Ames's supervisory chain discharged their responsibilities in the manner expected of them. In this regard, the DCI directed the Executive Director of CIA to prepare a list of Ames's supervisors during the relevant periods. The DCI also directed that awards and promotions for the individuals on the Executive Director's list be held in escrow pending the outcome of our investigation. Neither I nor any member of the team investigating the Ames case has viewed the DCI's escrow list. We wanted to be as completely unaffected by the names on the list as we could be in order to discharge our responsibility to advise the DCI objectively of possible disciplinary recommendations. As a precautionary measure, I did ask my Deputy for Inspections, who was otherwise uninvolved in the Ames investigation, to compare our interview list and the escrow list and determine whether any individuals on the escrow list had not been afforded the opportunity to comment on their actions with respect to Ames. That has been our only involvement with the escrow list.

In addition to the unusual circumstances that attended this investigation, it was clear from the outset that the Ames case presented several major substantive issues of the most serious concern to the DCI, our oversight committees and the American people. Thus, we chose not to tell the story in the normal chronological way. Instead, we focused on themes: Ames's life, his career, his vulnerabilities, how he was handled from a management standpoint, and how the system dealt with him. We have also discussed in the context of this particular case how counterespionage investigations have been conducted in CIA since the Edward Lee Howard betrayal and the 1985 Year of the Spy.

At this point, I would like to summarize for the Committee the major findings and conclusions of our investigation. These findings and conclusions were developed after the review of almost forty-five thousand pages of documents, ten years of prior studies, thousands of hours of interviews with over 300 employees and other individuals, painstaking analysis, and countless hours of planning, deliberation and vigorous debate.

The key, inescapable conclusion of our investigation is that the effort to identify the reasons for the loss of virtually all of CIA's human sources reporting on its primary target in the 1980s, the Soviet Union, did not receive the attention that it rightfully deserved. In view of the scope and nature of the losses the Agency suffered, the Agency should have expended every effort and resource necessary to identify the cause. If it had, Ames might have been apprehended sooner and subsequent losses avoided.

Although the damage assessment is still underway, the estimates at this time of the damage attributable to Ames are truly staggering. As stated in our Report, we now know that he provided the Soviets with information on 36 cases in June 1985. Based on his debriefings, Ames now acknowledges providing the Soviets with information on a large number of additional Soviet and East European cases. In addition, Ames disclosed the identities of many Agency employees and non-official cover officers, as well as technical operations, finished intelligence, and Agency planning and policy documents.

#### PROBLEMS WITH MANAGERIAL ATTENTION AND TIMELINESS OF THE INVESTIGATION

The effort to find the source of the losses, which we have referred to as the molehunt, began in 1986. However, that effort was plagued after 1987 by senior management inattention and failure to apply an appropriate level of resources to the effort until 1991. For an extensive period of time between 1988 and 1990, the molehunt virtually ceased despite information obtained from several Agency components in 1989 that should have focused attention directly on Ames. Factors that contributed to this delay included the Agency's reluctance to believe that one of its own could betray it and a continuing general distaste for the counterespionage function of investigating Agency employees. In 1991, the molehunt effort was rejuvenated, the FBI offered to participate, and the investigation gradually began to show results.

## SOVIET CONTACTS

Ames was authorized to engage in contacts with Soviet Embassy officials in Washington in 1984, 1985 and 1986. Agency management failed to monitor his contacts with these officials more closely in 1985 and failed to pursue them adequately after they were requested by the FBI in 1986. This provided Ames with the opportunity to consummate the espionage he contemplated based upon his financial situation and the influence on his thinking that resulted from his prior contacts with Soviet officials in New York. If his failure to submit timely contact reports had been questioned vigorously at the time, Ames might have been told to break off the contacts or been caught in a lie regarding their nature and extent. Ames, albeit not the most trustworthy of witnesses, has said that he would have had a hard time explaining these contacts had questions been raised. If the contacts had been pursued as they should have, appropriate attention might have been drawn to Ames in 1985 or 1986 rather than years later. As it was, Ames ignored the request to report on the contacts and it was soon forgotten.

## FINANCIAL INQUIRIES

The inquiry into the Ames's finances should have been completed much sooner by CIC than the more than three and one-half years that the inquiry consumed. After it was discovered in 1989 by CIC that Ames had paid for his house in cash and moved large sums of money from abroad to domestic bank accounts, a full financial inquiry should have been undertaken by CIC and the Office of Security on a priority basis. This effort languished despite a December 1990 memorandum from CIC to the Office of Security requesting a reinvestigation of Ames on the basis of his finances and noting his potential link to the 1985-86 compromises. In addition, other available information was not correlated with the financial information.

## POLYGRAPHS

The 1986 polygraph of Ames was deficient because the examiner failed to establish the proper relationship with Ames and did not detect Ames's reactions even though Ames says he had great apprehension at the time that he would be found out. The 1991 polygraph sessions were not properly coordinated by CIC with the Office of Security after they were requested. The polygraph examiners in 1991 were not given complete access to the information that had been provided to the Office of Security by CIC in December 1990 regarding Ames's finances and they did not have the benefit of the thorough background investigation that had been completed on Ames on the very day of the first examination session. Once they had developed suspicions about Ames, the responsible CIC officers, especially with their Office of Security backgrounds, should have participated more aggressively and directly in Ames's polygraph.

Since the polygraph was handled in a routine fashion, no CI emphasis was placed on formulating the questions or selecting examiners with the appropriate levels of experience. There was no strategy for the questioning and no planning how to handle any admissions he might have made. The result of the 1991 polygraph was to divert attention from him for a time.

#### PERSONNEL RESOURCES

In view of the number of Soviet sources that were compromised, insufficient personnel resources were devoted to the molehunt effort virtually from the beginning. The failure to request additional resources has been acknowledged by several of the key officials involved. Additional resources could have been used to systematically develop and narrow a list of potential suspects based upon employee access to the compromised cases. Prior to 1991, no formal lists of suspects based on access were created or reviewed. This was partly because access or "bigot" lists for the individual cases did not exist or were inaccurate. Although the investigation clearly had to be conducted with discretion, concerns about compartmentation must be balanced at some point against the overriding need to resolve the serious problems the compromises created. There clearly were more than three trustworthy and capable officers available in the Agency with the necessary expertise to assist in the molehunt effort. With more focused involvement by senior Agency management, additional personnel could have been added to pursue the financial inquiries and create a better mix of analytical and investigative skills.

#### DIVISION OF RESPONSIBILITY FOR COUNTERINTELLIGENCE

The ambiguous division of responsibility for counterintelligence between CIC and the Office of Security and excessive compartmentation contributed to a breakdown in communication between the two offices, despite the fact that CIC was created in part to overcome such coordination problems. This breakdown in communication had a highly adverse impact on the Ames counterespionage investigation. There was a general absence of collaboration and sharing of information by CIC with the Office of Security at critical points in the reinvestigation of Ames in 1991. Office of Security officers who were assigned to CIC minimized the contribution that could be expected to be received from the Office of Security and their resulting failure to collaborate in fact produced the minimal contribution they expected. These problems and others persisted despite the fact that prior Inspector General inspection reports on Counterintelligence, the Office of Security and Command and Control in the Agency pointed out the jurisdictional and communication ambiguities in counterintelligence matters.

#### SECURITY REINVESTIGATIONS

The lack of an effective and timely reinvestigation polygraph program in 1985, when Ames began his espionage activities, enhanced the breakdown of inhibitions that Ames had experienced and led him to believe that he would not be required to undergo a reinvestigation polygraph before his contemplated retirement in

1990. By 1985 the Office of Security reinvestigation polygraph program had fallen seriously behind its targeted five-year schedule and Ames had not been polygraphed for almost ten years. Although the Agency gave the program increased attention in 1985 and made a commitment to provide the resources necessary to maintain a five-year reinvestigation schedule, the hiring of new polygraph examiners created other problems, such as the need for increased management and supervision of inexperienced examiners. These problems were compounded by an exaggerated concern about the reaction of Agency officers and managers to adverse results from polygraph examinations. Employee, management and congressional concerns regarding the intrusiveness of the polygraph led Office of Security management to soften the polygraph program and cater to "customer satisfaction," which seems to have meant not offending employees. These developments reduced the effectiveness and reliability of the polygraph program, which must be based upon an apprehension of the consequences of untruths, and encouraged employees and managers to resist the program.

#### DEFICIENCIES IN PERSONNEL MANAGEMENT

No evidence has been found that any Agency manager or employee knowingly and willfully aided Ames in his espionage activities. Allegations in the so-called "poison fax," sent to the SSCI earlier this year, that the Chief of CE Division from 1989 to 1992 warned Ames regarding Agency suspicions about him appear to be without foundation. Many of the other statements made in the fax also appear to have been unfounded. That said, it is clear from comparing Ames's personnel file with the knowledge about him that was shared orally by employees and managers, that Agency managers consistently failed after 1981 to come to grips with a marginal performer who had substantial flaws both personally and professionally. His few contributions to the work of the Agency were exaggerated while his deficiencies and cost to the organization were minimized and not officially documented or formally addressed. He had little focus, few recruitments, no enthusiasm, little regard for rules and requirements, little self-discipline, little security consciousness, little respect for management or the mission, few good work habits, few friends, and a bad reputation in terms of integrity, dependability, and discretion. Yet his managers were content to tolerate his non-productivity, clean up after him when he failed, find well chosen words to praise him, and pass him on with accolades to the next manager.

#### SUITABILITY FOR ASSIGNMENTS

Despite his deficiencies in performance, Ames continued to be selected for positions that gave him considerable access to highly sensitive information. In the face of the strong and persistent evidence of performance and suitability problems that was available, this access is difficult to justify. Our Report reviews most of these assignments in detail. While Ames's poor performance would probably not have led to termination of his employment, it did not justify permitting him to fill positions where he was perfectly placed to betray almost all of CIA's sensitive Soviet assets. Despite doubts about his

performance and suitability among officials who previously supervised him, he was placed in positions that gave him access to the most sensitive Soviet sources. After a disastrous tour in Mexico, Ames was placed in charge of a counterintelligence unit that was responsible for Soviet operations, and it was there that he acquired much of the information he turned over to the KGB in 1985.

Ames was selected to participate in debriefings of Vitaliy Yurchenko, described by the Associate Deputy Director for Operations at the time as the most important defector in CIA's history. Little in his previous performance merited that selection and the task should have been reserved for the very best SE Division had to offer. His assignment to a sensitive position in SE Division after his return to Headquarters in the Fall of 1989 from Rome is inexplicable in light of the reservations about him that were held by the departing Chief of SE Division who had considered Ames' Rome assignment as a means of getting rid of a problem employee.

Ames's selection in October 1990 to serve in CIC is hard to explain given the knowledge that was then available to SE Division's management and CIC regarding the 1985-86 compromises, Ames's work habits, his unexplained affluence, and the nature and scope of the access to information that he would have. His CIC managers had been warned that there was reason to watch him closely and certainly could have sought more specific information from their superiors in CIC. Once suspicions concerning Ames had crystallized in August 1992 when his bank deposits and contacts with the Soviets had been correlated and Agency management had been advised, he should have been placed in a position where his access would have been limited and his activities closely managed. No evidence was found that senior Agency managers were fully advised or that such alternatives were ever discussed by Agency management, and neither CIC nor the Office of Security played any role in decisions regarding his assignments until after the FBI investigation began in the spring of 1993.

Necessarily, we have made analytical judgments about what we have learned—some of them quite harsh. We believe this is our job—not just to present the facts, but to tell the DCI, our oversight committees and other readers how our findings strike us. We have the confidence to do this because we have lived with the guts of Ames's betrayal for countless hours, we know the information we have developed better than anyone else at this point, and it is our responsibility to make these judgments. In this sense, our 12 investigators are like a jury—they find the facts and make recommendations to the DCI for his final determination. And the investigative team and I, like a jury, represent the peers of the intelligence professionals from whose ranks we are drawn. We have been sometimes shocked and dismayed at what we have learned, intrigued by the complexity of the Ames story and appreciative of the individual acts of competence and courage, of which there are many outlined in our Report.

In this latter regard, several individuals deserve special praise: the Deputy Chief, CIC for his persistent efforts to get to the bottom of the matter despite the passage of time; three CIC members for their work that paved the way for identifying Ames as a spy; four

employees and managers who made known their concerns about aspects of Ames's wealth, suitability and performance; and finally, the officer who conducted a timely and thorough background investigation of Ames of 1991 and the Deputy Chief, Counternarcotics Center and another officer who provided substantial assistance to the FBI in the FBI phase of the investigation.

In the end, however, the Ames case is about accountability, both individual and managerial. The DCI and our oversight committees have made this the issue, but if they had not, we would have. In this regard, let me note that we had already assembled a small team to look into the Ames case on our own prior to any request from the SSCI or the DCI. We did so because we believe that the statute setting up our office required it. The issue of managerial accountability has been one of my office's principal points of focus since its inception in 1990—and we have enjoyed mixed success in our efforts to assist in bringing it about.

Fixing managerial accountability in the Ames case has not been an easy task. On the individual level, we have uncovered a vast quantity of information about Ames's professional sloppiness, his failure to file accountings, contact reports, and requests for foreign travel. Ames was oblivious to issues of personal security—he carried incriminating documents in his checked airline luggage; he left classified files on a subway train; he openly walked into a Soviet compound in Rome and the Soviet Embassy in Washington. We have noted that Ames's abuse of alcohol, while not constant throughout his career, was chronic and interfered with the performance of his duties. By and large, these deficiencies were observed by Ames's colleagues and supervisors and were tolerated by many who did not consider them highly unusual for Directorate of Operations officers on the "not going anywhere" promotion track. That an officer with these observed vulnerabilities should have been placed in positions involving counterintelligence and Soviet operations where he was in a prime position to contact Soviet officials and thus massively betray his trust is difficult to justify. The IG Investigative team has found fault with management's tolerant view of Ames's professional deficiencies and the random indifference given to his assignments, and our recommendations reflect that view. We have not made these recommendations, which are primarily systemic and institutional in nature, a formal part of our Report, but have given them to the DCI in an advisory capacity.

In conclusion, on the grander scale of how the Agency's reaction to the unprecedented loss of Soviet cases in 1985–86 was managed, our team has been strict and demanding. The pivotal point of our logic is that, if Soviet operations—the effort to achieve human penetrations of the USSR for foreign intelligence and counterintelligence information—were the priority mission of the clandestine service of CIA in 1985–86, then the rapid loss of most of our assets in this crucial area should have had a profound effect on the thinking and actions of the leaders of the Directorate of Operations and CIA. The effort to probe the reasons for these losses should have been of the most vital importance to U.S. intelligence and should have been pursued with the utmost vigor and all necessary resources until an explanation—technical or human penetration—

was found. In this investigation we have concluded that the intelligence losses of 1985-86 were not pursued to the fullest extent of CIA's capabilities, and our findings, analytical judgments and recommendations reflect that conclusion.

Thank you Mr. Chairman. I will be glad to try to answer any questions you or other Members of the Committee may have.

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