

The Deputy Director
Central Intelligence Agency

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Washington, D.C. 20505

17 March 1977

Mr. David Aaron
Deputy Assistant to the President
for National Security Affairs
The White House

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Dear David:

Per our telecon earlier, this is the release we understand would be issued as early as tomorrow -- perhaps not until next week -- by the Inouye Committee. I have sent a copy to Phil Habib and have been in touch with him to explain the background.

Faithfully yours,



E. H. Knoche

Attachment:
News Release

David, FYI.

Rick

P.S. I've checked it and it's fine.

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News Release

The Senate Select Committee on Intelligence has conducted an investigation of CIA activities in Micronesia. The investigation included extensive interviews with principals from the CIA, the State Department, the Department of the Interior, and the National Security Council, examination of documents, and three days of executive session hearings. CIA intelligence reports on Micronesia were studied, and legal opinions from CIA, Justice and State Department attorneys were reviewed. The investigations arose from allegations which suggested that the CIA conducted electronic surveillance for a period of years, from 1973 to 1976, against Micronesian officials. The Committee's preliminary conclusions include the following:

-- The CIA engaged in clandestine intelligence-collection operations in Micronesia from early 1975 until December 1976, including payments for information.

-- The CIA conducted a microphone surveillance for three months during this period intended to produce information bearing on the status negotiations. CIA's records reflect that this operation was wholly unproductive and that no information resulting therefrom was ever made available to the American negotiators. The President's personal representative to the Micronesian Future Status Committee from March 1971 until July 1976, F. Haydn Williams, testified before the Committee that he was unaware of the microphone surveillance operation and that to his knowledge he never received any information therefrom. According to a December 1976 memorandum in CIA files, the surveillance tapes were destroyed as worthless in October 1976 in accord with regular procedures.

-- Considerable general political and economic intelligence about Micronesia was provided to the American negotiators by the CIA. However, in their testimony before the Committee, Ambassador Williams and other American officials stated that they received no CIA reports concerning the Micronesians' strategy, tactics, or negotiating positions. The same assurances were given by Phillip Manhard, William's successor. The status liaison officers of the OMSN stationed in Saipan did not engage in any clandestine intelligence collection activity.

-- The overall CIA program in Micronesia was conducted under Executive Branch authorization and received normal procedural review. Deputy Assistant to the President for National Security Affairs asked the CIA to initiate clandestine collection activities in Micronesia. A legal opinion was sought by CIA prior to initiation of its collection activity, and such activity was found to be lawful by the then General Counsel of the CIA--an opinion disputed in May 1976 by the State Department Legal Adviser. The CIA sought and received in October 1973 from the Assistant to the President for National Security Affairs approval for collection operations in Micronesia as well as permission "to assess the possibility of exerting covert influence on key elements of the Micronesian independence movement and on those other elements in the area where necessary to promote and support United States strategic objectives."

-- Appropriate Congressional Committees were informed in July and October 1973 of the plans to institute intelligence collection activity. The Committees were not later informed of the microphone surveillance which had been approved by the DCI in 1975, nor was any high-ranking Executive Branch official outside of the CIA informed of the microphone surveillance. The CIA advised the Committee that it was not the practice at that time to report such activities to Congressional Committees.

-- According to CIA records and personnel, and so far as we can determine from our investigation, the CIA undertook no covert action or influence.

The Committee has found that while some of the allegations about the CIA's activity in Micronesia were accurate, others were overstated or in error. Overall, the Committee questions several aspects of the decision to engage in clandestine collection activities in Micronesia:

(1) Insofar as the information collected by the CIA was of general political and economic nature, it is the Committee's judgment that it would have been more properly obtained overtly by other government agencies such as the Department of State or the Department of the Interior.

(2) It would have been more prudent for the Executive Branch to seek an opinion from the Departments of State and Justice as well as from the CIA

as to whether the proposed activities would violate the spirit of the 1947 Trusteeship Agreement before instructing CIA to undertake such activities. The Committee believes that this is especially so with respect to such a highly intrusive technique as microphone surveillance which, in our judgment, in future cases of this sensitivity, should warrant appropriate congressional consultation as well.

(3) Responsible officials did not fully judge whether the expected benefits of a clandestine collection project in an open society such as Micronesia outweigh the potential adverse consequences growing out of disclosure.

In general the Committee believes that no information obtained by the CIA influenced the course of the status negotiations or any of the agreements which have been reached.

We are satisfied that the Agency's operations have been completely terminated and that all parties should make every effort to restore those vital elements of mutual trust and confidence which are absolutely essential to a successful resolution of the talks.