

After 15 Years, CIA Obeys Order To Give Congress Sensitive Secrets

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By R. Jeffrey Smith
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Fifteen years after Congress ordered the CIA to share all of its important secrets, the spy agency has finally established rigorous internal procedures for flagging intelligence goof-ups and embarrassments—as well as triumphs—that should be described to lawmakers on a weekly basis, according to senior CIA officials.

As a result, Congress recently has been notified for the first time about some serious human rights abuses committed in years past by CIA informants overseas, about a broad spectrum of past and present terrorist threats to U.S. citizens and embassies overseas, and about some sensitive intelligence operations being conducted jointly with foreign governments, the officials said. They did not provide details.

Members and staff of the congressional committees that oversee the CIA have hailed the new rules. But the policy has provoked some uneasiness among older employees, trained to share sensitive data only with those involved in related CIA activities and not those engaged in oversight. CIA Director John M. Deutch has ordered "more and better training" to reinforce the rules, a senior official said.

The new policy is designed to ensure compliance with a 1980 notification law by ordering CIA employees to provide details to Congress of any embarrassing incidents and potentially controversial activities even without specific inquiries from lawmakers.

CIA officials say the rules should help relieve a chronic tension between the agency and its legislative overseers, arising from what lawmakers say is the CIA's habit of disclosing as little as possible about its activities and lawmakers' insistence on knowing about CIA goofs well before the public might learn about them.

The agency's aim is soothe recent congressional anger over the agency's failure to report accurately about human rights problems in Guatemala

in the early 1990s or to mention until last February that it had paid thousands of dollars in 1991 to an informant in the Guatemalan military linked to the murder of a U.S. citizen there, innkeeper Michael Devine.

No one in Congress directly asked whether the CIA was connected to the alleged murderer, and the CIA never followed through on a 1991 proposal by one of its employees to tell lawmakers about the link. As then-CIA deputy director Richard Kerr said recently, notification of the embarrassing payments "just slipped between the cracks" at the CIA.

The omission provoked three senators to allege in April that Congress had been deliberately misled, and prompted Deutch to fire two senior CIA officers and discipline eight others on Sept. 29 for their involvement in the wrongdoing. To prevent a recurrence, Deutch said he also ordered a series of administrative remedies to ensure that CIA officers understand that "reporting to Congress is an integral part of their professional responsibilities."

According to Washington attorney Anthony Harrington, who chairs President Clinton's Intelligence Oversight Board, no systematic process for flagging such matters existed until Deutch established the new rules, even though a 1980 law said Congress should be kept "fully and currently informed . . . of any significant intelligence activity and any significant intelligence failure," as well as all covert actions.

Harrington, who recently reviewed secret files on the CIA's links to the alleged murderer in Guatemala, said that there was "one overall reason" that the connection was not divulged: the notification requirement "wasn't taken seriously."

CIA general counsel Jeffrey H. Smith describes the new rules as the second major internal reform of the CIA's congressional notification procedures since the mid-1970s. The first effort, initiated by then-CIA Director William W. Webster in 1987, was meant to get agency employees

to abide by what he called the "4 C's" in responding to Congress: candor, completeness, correctness, and consistency.

But a CIA panel established by former acting director William O. Studeman in the wake of the Aldrich H. Ames spy scandal found that Webster's reporting initiative "didn't catch everything it should have caught," including the fact that Moscow had somehow learned the identities of many important CIA agents in Eastern Europe and the Soviet Union during the mid-1980s, Smith said.

David Cohen, who directs CIA covert actions as the new chief of the agency's Directorate of Operations, has been depicted by other senior officials as an enthusiastic supporter of the directive. Cohen has told the chiefs of the regional divisions in his directorate that they must report weekly on matters of potential interest to Capitol Hill, using the new guidelines. The new rules have led the CIA to transmit eight to 10 brief, written reports to Capitol Hill each week, including many on matters that formerly were not routinely disclosed by the agency or were only discussed with a few lawmakers.

A handful of the reports have dealt with evidence that additional human rights abuses were committed by CIA informants in Latin America, officials said, but none has involved crimes as sensational as the alleged murder of Devine in Guatemala.

"In the past, you'd have to be clairvoyant to ask the right questions" to learn about CIA mistakes, one staff aide said. "I think they are discovering that it's far better to come clean than to have us find out about it on our own and come down on them like a ton of bricks."

Sen. Arlen Specter (R-Pa.), who chairs the Select Committee on Intelligence, said, "it certainly is a step in the right direction." He said the new material being provided to the committee "isn't stuff that is earth shattering, but when you put it all together it is important."

Specter added, however, "there have been problems in the past" involving a failure by lower-echelon CIA employees to notify even the CIA director of certain sensitive activities or blunders. As a result, he said, "we're not going to be handing out any bouquets in the first inning."

Documents Show Evidence Argentina

By Gabriel Escobar
Washington Post Foreign Service

BUENOS AIRES, Dec. 7—Tales of German submarines unloading gold bricks off Patagonia as World War II ended are a legacy of Argentina's murky ties with the Third Reich, stories that survive in the public imagination even though they are more fable than fact.

The real story of Nazi loot in Argentina, it turns out, may be more mundane. Documents from the U.S. National Archives released this week by the World Jewish Congress show that U.S. and British diplomats suspected that the Third Reich moved money here, not with cloak-and-dagger military operations, but mainly through conventional gold and currency transfers managed by bankers in Buenos Aires and Europe.

According to the documents, diplomats believed that middlemen in Argentina standing in for the real buyers, presumably ranking members of the Reich, in all likelihood bought franchises, took over industries or invested in the hundreds of front companies that Jewish leaders here say were created to funnel an estimated \$1 billion in Nazi money.

Investigation of the Argentine connection is part of a broader probe into what happened to the assets of Jews entrusted to Swiss banks before and during the war. An estimated \$6 billion or \$7 billion worth of gold was deposited in Swiss banks, and documents in the Na-

tional Archives have convinced researchers that Argentina "was one of the central places through which the Nazis laundered gold," said Elan Steinberg, the executive director of the World Jewish Congress.

Rumors that Nazis invested heavily in Argentina began circulating long before the war ended, according to the documents. A memo from the British Embassy in Washington in 1941 noted that Latin America was becoming a tempting place for Nazi assets even before the United States entered the war. Cables from the U.S. Embassy here speculated over who was investing where, what companies were owned by Nazis and who their agents in Argentina were.

While not conclusive on their own, particularly concerning individuals alleged to be involved, the documents are being taken by Jewish leaders as convincing evidence.

"The notion that the Nazis moved assets into Argentina is not new, but for the first time we have authoritative documentation," said Steinberg.

The disclosures by the World Jewish Congress are just the latest to confirm Argentina's ties with the Third Reich, yet another embarrassment for a country that only recently acknowledged this dark chapter and agreed to search its own archives for evidence of complicity. A special team organized by the Jewish community here has spent months searching files, and Jewish leaders

have stated that they now have evidence that the Argentine government had a much more direct role than previously recognized in the relocation and protection of Nazis who moved here after the war. *By Gabriel Escobar*

Ruben Bergin, the leader of the Argentine Jewish community and a vice president of the World Jewish Congress, said the documents unearthed from the archives here prove that the Argentine government received the arrest order for Nazi physician Josef Mengele in

"For the first time we have authoritative documentation."

— Elan Steinberg, World Jewish Congress

1956 and waited three years before executing it.

By then, one of the most sought-after Nazis had vanished, apparently moving to Paraguay and then Brazil, where he died in 1979.

"This shows that there was a group, in the justice system and in the police, that in some way extended protection to these Nazis," Bergin said.

The relationship between the Third Reich hierarchy and Argentine leaders at the time, in particular President Juan Domingo Peron,

Aided Escaped Nazis

Blue Book
has long been the subject of speculation. The apparent extent of the Nazi investments here gives more weight to the argument that there was an ideological and financial affinity between the two nations.

All of this is a backdrop for the information contained in the documents from the U.S. Archives. A collection of rumors and learned speculation, the cables are part of what was known as Operation Safehaven, the U.S. effort to track the movement of Nazi assets.

One document from August 1944, for example, cites a confidential source telling the U.S. Embassy in Spain about an offer to launder German funds by trading \$20 million in Swiss francs for gold located in Buenos Aires. Another, dated April 1945, estimates German assets in Argentina at more than \$1 billion, with most of the money invested in farms and ranches, banks and commercial firms.

Although often accompanied with a caveat, such as "this information has not been confirmed," the memos provide the names of German-Argentines and others who allegedly acted as brokers or front men for Nazi leaders, including Hermann Goering, Paul Joseph Goebbels, Heinrich Himmler and others.

One of the more interesting names to surface is that of Fritz Mandl, an Austrian who made a fortune as an arms trader and settled in Buenos Aires before the war. One report from the U.S. Embassy in Buenos Aires, dat-

ed March 14, 1945, and titled Safehaven Report No. 3, reports that "a source which from time to time is reliable" alleged that Mandl was receiving money from Goering, Himmler and Goebbels and was investing it with the full knowledge of Argentine officials.

The fact that the documents contain names startled people here. Argentina's large and prominent German community grew by 45,000 after the war ended, and relatives and friends of those named reacted incredulously when informed. Roberto Aleman, a former economy minister and ambassador to Washington, questioned the accuracy of the reports, particularly in cases where they named people he knew, like Mandl, on the basis of what he called hearsay.

Raul Guillermo Decker, until recently the minister of mining, could not believe it when told that the British suspected his father of being an agent for "German money seeking refuge in Argentina." The information is included in a Dec. 22, 1944, confidential memorandum, a three-page report titled "Foreign Funds Control: List of Reports of Axis Accounts and Investments in Argentina."

"There must be some confusion. I can't understand how they reach that conclusion. I don't know why all this has to come out so many years later, muddling the political scene," said Decker, referring to Argentina's new and more prominent role in Latin America. "What are the reasons behind this?"