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CIA IN CRISIS: The Kampiles Case

Last year, The Reader's Digest began to investigate a recent espionage case in which a former CIA employe sold a technical manual of crucial military and strategic importance to the Soviet Union. The Kampiles case received wide news coverage but, until now, its true significance has not been made clear.

A close examination of this grave security breach affords a view of how the CIA conducts its affairs that will chill even the most casual observer. And it raises so many disturbing questions—about the case itself and about our national security—that all who understand the need for an alert and effective intelligence system must be profoundly alarmed.

BY HENRY HURT

IT WAS DUSK at the Tomb of the Unknown Soldier in Athens when William Kampiles (pronounced Kām pill' ēs), 23, a former CIA watch officer, felt a tap on his shoulder. He greeted a man known to him only as Michael. As prearranged, Kampiles followed Michael to a secluded area where the two men talked in hushed tones.

Kampiles then handed over some papers.

A few days later, on March 2, 1978, at their final meeting near the Greek National Stadium, Michael gave Kampiles an envelope containing \$3000 in U.S. currency. And once again Kampiles produced some papers. Michael then hurried back to the Soviet embassy to report to his

superiors in Soviet intelligence that he had acquired the final pages of a top-secret CIA technical manual explaining the capabilities of the KH-11 satellite system.

In the annals of electronic espionage, there has never been anything quite so marvelous as the KH-11 satellite. Spinning silently through the skies, its true mission cloaked by the clutter of routine satellite traffic, the system has eyes that pierce the Soviets' vital secrets. Premier among its stunning strategic advantages is the satellite's ability to transmit photographs instantaneously—a tremendous technological advance over earlier methods that involved sending canisters of film back to Earth by parachute. And this facility is only one facet of a superbly sophisticated system—believed also to include a unique communications capability—that remains highly classified.

We may never know what motivated William Kampiles to commit such an act. We do know that it has cost him dearly. Last November, a federal-court jury found him guilty of treason. He was sentenced to 40 years in prison.

Exactly what his crime has cost this country remains unclear. Until the sale of the KH-11 manual, government prosecutors said at Kampiles' trial, there was no evidence that the Soviets had known that this satellite was probing their military secrets. Now that they have the manual, the Soviets are believed to be using its contents to thwart the effec-

tiveness of a surveillance system U.S. officials had hoped would keep us ahead of the Russians for years. Says David T. Ready, the U.S. Attorney who prosecuted Kampiles: "This may be one of the greatest losses ever sustained by American intelligence."

After the successful prosecution of a spy, there is usually some sense of relief. But the Kampiles case offers no such satisfaction. At best, it illustrates alarming flaws in the CIA's day-to-day operations: laxity in procedures, inept supervision, mismanagement, and a leadership that has responded to Congressional inquiries with outright misrepresentation. At worst, the case raises profound questions about national security—about the integrity of the CIA itself and about our future ability to ascertain, under SALT II, whether the Soviet Union is living up to its word.

BILL KAMPILES' first contact with the CIA took place when, as a senior at Indiana University in 1975, he met a CIA recruiter. Kampiles had long dreamed of becoming a spy, and he wanted to work in the clandestine services. Nearly a year passed before he heard that the CIA had a job for him, and on March 25, 1977, he reported to CIA headquarters outside Washington. He took a 30-percent salary cut from the \$16,500 he had been earning with a hospital-supply company in St. Louis, but, he reasoned, the new job held the promise of an exciting life as a spy.

He was not assigned to the clandestine services. Instead, after a

three-week training period, Kampiles reported to the Watch Office in the Operations Center—the central repository for the CIA's worldwide intelligence-gathering network. His responsibilities included reviewing cables that poured into the CIA daily from posts all over the world, as well as top-secret spy-satellite photographs. Among the documents supposedly used to assess this flood of material was Copy 155 (of a total of 350) of the KH-11 technical manual, for which Kampiles was required to sign a special secrecy oath.

On the very day Kampiles signed that oath—April 19, 1977—the CIA's Director of Security, Robert W. Gambino, was in Baltimore explaining to a federal court how every CIA document that is classified top secret is controlled by a system of receipts to ensure its security. Yet despite Gambino's assurances, the CIA later admitted during the Kampiles trial that there was no record made of the person in the Watch Office to whom Copy 155 was given. In fact, the senior officer who left Copy 155 at the Watch Office admitted in court that he could not remember the name of the person he had given it to, nor could he say what that unknown person had done with the manual.

Once Copy 155 was within the "vaulted" confines of the Watch Office, there was no further requirement for a receipt system. The 65 watch officers could use the manual at will, for it was not kept locked up. Its normal resting spot was on a shelf

alongside a copy of an almanac, in an unlocked cabinet beneath a standard copying machine.

Sometime in the late summer of 1977, Kampiles made his move. He simply stashed the manual under his sports jacket and walked out of the building. A few months later—after repeated warnings that his performance had been rated marginal—he resigned from the Agency.

IF THE CIA had *known* Copy 155 was missing, solving the case would have been far easier. Astonishingly, the CIA had no system of checks to indicate that Copy 155 had disappeared. But even without a checking system, Kampiles could—and should—have been caught earlier.

After selling the KH-11 manual to the Soviets, Kampiles did something that continues to puzzle veteran intelligence analysts. On April 28, 1978, he went to CIA headquarters to talk with George Joannides, a veteran CIA officer who had counseled him while he was at the Agency. Kampiles told Joannides an extraordinary tale: that he had made contact with a Soviet agent in Athens, representing himself as still employed by the CIA; that the agent had wanted information from him and had paid him \$3000. Now, he told Joannides, he proposed to serve as a disinformation agent for the CIA—feeding misleading information to the Soviets.

Recognizing that someone with greater expertise than his in Soviet matters should be consulted, Joannides telephoned an officer in the

Soviet Section. The officer listened to the story. Then he told Joannides that it would be contrary to the executive orders governing the CIA for anyone in the Soviet Section to talk to Kampiles, since he was a "U.S. person." Kampiles should write the Agency a letter.

Kampiles went home and did so. But this was as futile as his visit to the CIA, for his letter languished unanswered for nearly three months. Meanwhile, Kampiles settled into an apartment in Munster, Ind., and began a new job at Bristol-Myers.

AT SOME POINT after Kampiles sold the manual, according to a government court document, there were indications that the Soviets were aware of the function of the KH-11. An investigation was launched by the FBI's counterintelligence unit to discover the source of the apparent compromise. Although various suspects were developed, apparently no consideration was given to the possibility that the loss or theft of a KH-11 manual itself was responsible. And, in the course of the investigation, no accounting was made of the 349 other KH-11 manuals in use around the intelligence community.

It was not until August 1978 that an officer in the Soviet Section, Vivian Psachos, told Joannides that there was interest in talking to Kampiles about the episode in Athens. On August 14, Kampiles met at a suburban Washington motel with Mrs. Psachos, two FBI agents, including Donald E. Stukey of the

FBI's counterintelligence unit, and Bruce Solic of the CIA's Security Office. (Apparently the CIA's earlier concern about talking to a "U.S. person" had subsided.)

It was during this meeting that Stukey first learned that Kampiles had received \$3000 from the Soviet agent. He was electrified. He knew that the Soviets *never* pay unless they receive firm information or valuable documents in return. Kampiles, though, denied giving the Soviets anything of value, and agreed to a polygraph test when Stukey insisted that his story was fishy. After taking two tests and failing both conclusively, Kampiles confessed he had stolen Copy 155 of the KH-11 manual.

Immediately, FBI agents asked the CIA if the manual was missing. No one knew. Kevin J. Donoghue, one of the Operations Center supervisors, was dispatched to find out. After ransacking the Watch Office, he reported that he could not locate Copy 155.* Kampiles was arrested and charged with espionage.

The irony of all this, of course, is that the information that led to Kampiles' undoing was part of the information he had sought to provide to the CIA the previous April. Thus, by refusing to listen to its former employee, the CIA extended by nearly four months the time the Soviets had to study the KH-11 system and to

*During the Kampiles trial, Donoghue admitted that he himself had destroyed an *early* edition of the KH-11 manual when he received a *new* edition. In violation of CIA regulations, he had no witnesses to his act, and filed no report.

watch the ways it was being utilized by U.S. intelligence.

DESPITE HIS CONFESSION, William Kampiles pleaded innocent to the charges of espionage brought against him. His trial began on November 6, 1978, in Hammond, Ind. It was to produce a startling surprise. The CIA had assured the prosecutor that no other KH-11 manuals were missing. But as the trial opened, documents were entered into evidence—in response to defense discovery motions—showing that *many other* KH-11 manuals had vanished. (The first figure reported was 17; later this was revised downward to 13. A CIA spokesman refused to tell *The Digest* if any of the missing manuals have subsequently been accounted for.)

Kampiles' attorney, Michael D. Monico, tried to convince the jury that with so many copies of the KH-11 manual unaccounted for, no one could be sure that one of the others was not responsible for the actual compromise. Just the fact that Copy 155 was missing, he argued, did not mean Kampiles stole it. But in the end, none of his arguments could outweigh the significance of Kampiles' confession. After ten hours of deliberation, the jury returned a verdict of guilty. (The case is being appealed.)

THROUGHOUT THE TRIAL—and before and after it—the performance of the CIA has shocked even those who would normally be among its strongest supporters. Yet to this day there

has been no response from the CIA to a host of perplexing questions about the case. Among them:

The CIA's Security. The question of why Kampiles needed access to technical information describing the KH-11 system remains unanswered.* The CIA refuses comment, beyond stating that a watch officer must know the capabilities of the KH-11 to aid him in recommending certain courses of action. If, for example, he received a report about an earthquake in a distant part of the world, he could turn to the manual to ascertain what technical resources were available for gaining additional information.

None of this, however, accounts for the glaring fact that for the year during which the single KH-11 manual assigned to the Watch Office was missing, *no one ever needed it badly enough to notice that it had vanished.*

But even given the CIA's insistence that the KH-11 manual was needed in the Watch Office, there arises another question: how could an employee of three weeks' standing be assigned to a room with such highly classified documents? Sen. Malcolm Wallop (R., Wyo.), a member of the Senate Intelligence Committee, put this question to CIA Director Stansfield Turner, who explained that since the Watch Office operates 24 hours a day, personnel are needed for nights and weekends. "The senior officers like their week-

*According to trial testimony, "thousands" of CIA employees were given the special secrecy oath that covered the KH-11 manual.

ends," Turner told Wallop, adding that junior men like Kampiles were needed to fully staff the undesirable shifts.

Commenting on this, Senator Wallop told *The Digest*: "Today the only arena in which we and our Soviet adversaries actively confront each other is in intelligence—the process by which we size each other up and influence events on the world's backstage. If we have our first team in only from 9 to 5, and the Soviets operate around the clock, we are in trouble. The sad thing is we have too many good intelligence people to destroy their reputations with managerial convenience."

Internal CIA regulations do not require that a document such as the KH-11 manual be kept under lock, as long as it is in a "vaulted" area such as the Watch Office. During the Kampiles trial, photographs were introduced to show the cabinet shelf where the KH-11 manual was supposed to be kept. On a shelf above it was a standard copying machine. In a discussion after the trial, one incredulous government prosecutor agreed that if Kampiles did not want to take the whole manual, he apparently could have copied the parts he wanted.

How could Kampiles breeze out of the CIA with a nine-by-twelve document of at least 60 pages? The CIA replies that it would be impossible to search thousands of employees. They must rely, instead, on trust in the employees to whom certain clearances have been given.

Yet among the Agency's trusted employees there seems to have developed a custom of removing classified documents from the building at their convenience, to work on at home. During the summer of 1978, the custom became so prevalent that CIA Director Turner was moved to issue a memo berating his employees. Fumed Turner: "This practice is a flagrant and deliberate violation of Agency security regulations and must be stopped immediately."

Unfortunately, his warning came long after Kampiles had walked away with one of the country's most crucial secrets. And although Turner threatened severe consequences if his orders were violated, he made no provision for a grace period during which employees who had erred could return their classified materials without penalty. Some observers have speculated that this may have contributed to a wholesale loss of documents the significance of which may never be known.

Was the KH-11 Compromised Earlier? It was essential to the government's case against Kampiles to show that his treasonous act was alone responsible for the KH-11 compromise. At the trial, the government stated with absolute certainty that there was no possibility "that the Soviet Union gained its knowledge . . . from a source other than [Kampiles]." Said U.S. Attorney David Ready: "If there was an earlier compromise, then I was duped along with everyone else."

Yet it now appears that there *was*

an earlier compromise. When CIA Director Turner was called before the Senate Intelligence Committee to give his version of the Kampiles debacle, he swore to the Senators that the first signs of compromise were noted in July 1978, months after Kampiles sold the manual. This, apparently, is not true. According to intelligence sources, classified information from segments within the intelligence community other than the CIA first indicated that the KH-11 was known to be compromised in August 1977. This has led one Senator to state flatly that Admiral Turner misinformed the Committee when he said the compromise did not occur prior to the Kampiles sale.

A still earlier possible date for a compromise arises from a 1977 espionage case in Los Angeles. Two young men were convicted in a case in which the Soviets acquired thousands of classified documents from a top-secret cryptovault at TRW Inc., a major producer of spy-satellite components for the CIA. One of the young men, Andrew Daulton Lee, made a confession which the government managed to keep out of his trial. The confession is classified top secret, but it is known that in it Lee described a meeting he had with Soviet agents in Vienna in early 1976, some months prior to the launching of the KH-11. Stated Lee: "I turned over to the Soviets five to ten typed pages dealing with the [cryptonym omitted] communication satellite. . . , the type that flies

daily over Russia taking photographs." The key words here are "communication" and "taking photographs." There is only one satellite system believed capable of both functions: the KH-11.

Did Lee sell information about the KH-11 to the Soviets? Only the CIA knows for sure.

Was Kampiles a Fall Guy? Richard Helms, former Director of Central Intelligence, has told *The Digest* that "the Kampiles case raises the question of whether or not there has been infiltration of the United States intelligence community or government at a significant level."

Other former CIA officials have wondered if Kampiles was a dupe who unwittingly took the rap for an earlier, more sinister compromise of the KH-11 system. According to this theory, if the Soviets had successfully gained information on the KH-11 in another way—say, from a crucially important and unsuspected agent well established in the ranks of the CIA or the National Security Agency—they would go to extraordinary lengths not to compromise that source. That is where Kampiles would fit into the scheme.

The theory proposes that Kampiles stole the manual (Copy 155, the only one assigned to the Watch Office, arrived there the same month Kampiles did) either by coincidence or by skillful Soviet manipulation. Upon delivery of it to the Soviets, he then was set up to get caught, in order to provide the Russians with a good excuse for having acquired the

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information. This would explain his prompt appearance at CIA headquarters with a story that—if it had been listened to at the time—would have led to his early arrest, trial and conviction. Most important, it would have protected the original source of the information.

If there is anything to the theory, the Soviets must have been deeply bewildered as Kampiles struggled to get the CIA to listen to his story.

THE CIA has been in tremendous turmoil in recent years, and its crushing morale problems are well known. Much of the trouble has emanated from the self-righteous posturing of those who are committed to radical changes in the traditional mode of intelligence gathering. But the problems arising out of the Kampiles case were all conceived and brought to fruition under the tutelage of the new CIA leadership.

Officially, the CIA takes the position that if certain things went wrong during the Kampiles episode, they are being corrected. But, as in the case of Admiral Turner's blazing memo warning employees not to remove classified documents, the measures seem to be too little and too late. There are reports of a wholesale shakeup at the Operations Center, and the Agency has begun making perfunctory checks of employees' purses and briefcases—stir-

ring much resentment among the ranks. And, in what may be a Mad Hatterish effort to downgrade the position formerly held by Kampiles, watch *officers* are now called watch *analysts*.

Clearly, larger problems remain. For one, the question of how the loss of the KH-11 manual affects the proposed SALT II treaty has not been resolved. Leslie C. Dirks, the CIA's deputy director for science and technology, has testified as to the extreme value of the KH-11 system in terms of the treaty: "The KH-11 system is one of the principal intelligence-collection sources used to verify that the Soviet Union is indeed living up to the terms of its agreement with the United States." Dirks added that if the Russians "had solid and complete information on the limitations and coverage of the [KH-11] system, it would put them in a position to avoid coverage from this system." He said that the KH-11 has a direct relation to SALT, adding that the loss of the manual would do serious harm to our national defense. How much harm is unknown.

Finally, the revelations that have come from the Kampiles case—the staggering parade of ineptitude, incompetence and bureaucratic blundering that permitted such a security breach—hang like dark clouds over any contemplation of the future of U.S. intelligence.

GOOD FAMILIES are fortresses with many windows and doors to the outer world.

—Jane Howard, *Families* (Simon and Schuster)