

THE WHITE HOUSE

WASHINGTON

November 25, 1996

MEMORANDUM FOR THE VICE PRESIDENT  
THE SECRETARY OF STATE  
THE SECRETARY OF THE TREASURY  
THE SECRETARY OF DEFENSE  
THE ATTORNEY GENERAL  
THE SECRETARY OF COMMERCE  
THE SECRETARY OF TRANSPORTATION  
THE SECRETARY OF ENERGY  
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET  
UNITED STATES TRADE REPRESENTATIVE  
CHIEF OF STAFF TO THE PRESIDENT  
DIRECTOR OF CENTRAL INTELLIGENCE  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF

SUBJECT: Early Detection of Espionage and Other  
Intelligence Activities Through  
Identification and Referral of Anomalies

At the request of the Attorney General, I am forwarding her letter as a reminder of the requirements of Title 50, United States Code section 402a, regarding reporting indications of unauthorized disclosures of classified information to the FBI.

The Attorney General's letter is presented as supplemental guidance to my letter of August 23, 1996 on the above subject. I also note that her letter provides an excellent example of the steps taken to implement the guidance.



Anthony Lake  
Assistant to the President  
for National Security Affairs

Attachment  
Tab A Attorney General's Letter



Office of the Attorney General  
Washington, D. C. 20530

October 22, 1996

The Honorable Anthony Lake  
Assistant to the President for  
National Security Affairs  
The White House  
Washington, DC 20500

Dear Mr. Lake:

I am writing in preliminary response to your memorandum of August 23, 1996, regarding the early detection of espionage and other intelligence activities through identification and referral of anomalies. To implement your memorandum, I have directed the agencies and components of the Department of Justice to develop procedures for handling information on anomalies and prepare a written report of these procedures and their implementation.

These procedures will integrate into existing security awareness and training the need for early recognition and reporting of anomalies; designate a focal point to receive and evaluate reports of anomalies; and require that focal points seek prompt and candid consultation with the National Security Division of the FBI. In addition, Department of Justice agencies or components that actually conduct national security-related operations or activities will have additional procedures to require the periodic reviews of such operations to assess them for anomalies. As part of its counterintelligence investigative responsibilities, the FBI will establish a formal process to share data on anomalies, where appropriate, with the National Counterintelligence Center (NACIC). I will provide to you a complete report of the Department's implementation of this directive within the timeframe set forth for in the memorandum.

As you know, all Executive Branch components have a statutory obligation, independent of the procedures being developed in response to your August 23 memorandum, to advise the FBI immediately of any information that indicates that classified information is being, or may have been, disclosed to a foreign power in an unauthorized manner. 50 U.S.C. § 811. We will, of course, incorporate the requirements of Section 811 into the new procedures for responding to anomalies.

To eliminate possible ambiguity regarding compliance with Section 811, I am requesting that you issue supplemental guidance to the addressees of your August 23, 1996 memorandum.

The Honorable Anthony Lake  
Page 2

Specifically, I ask that you advise them that reporting of anomalies under new procedures likewise does not relieve agencies or departments from their statutory obligation under section 811 to report suspected disclosures of classified information to the FBI. Further, I request that addressees be advised to incorporate the Section 811 requirement into their newly developed "anomaly" procedures.

Sincerely,



Janet Reno

THE WHITE HOUSE

WASHINGTON

August 23, 1996

MEMORANDUM FOR THE VICE PRESIDENT  
THE SECRETARY OF STATE  
THE SECRETARY OF THE TREASURY  
THE SECRETARY OF DEFENSE  
THE ATTORNEY GENERAL  
THE SECRETARY OF COMMERCE  
THE SECRETARY OF TRANSPORTATION  
THE SECRETARY OF ENERGY  
UNITED STATES TRADE REPRESENTATIVE  
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET  
CHIEF OF STAFF TO THE PRESIDENT  
DIRECTOR, CENTRAL INTELLIGENCE AGENCY  
CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: Early Detection of Espionage and Other  
Intelligence Activities Through Identification and  
Referral of Anomalies

Based on the recommendation of the National Counterintelligence Policy Board, the President has asked that I transmit the following national security guidance.

Timely recognition and reporting of anomalies to the appropriate counterintelligence authorities may result in earlier identification of espionage or other foreign intelligence activities. An anomaly is defined as foreign power activity or knowledge, inconsistent with the expected norm, that suggests foreign knowledge of U.S. national security information, processes or capabilities.

U.S. counterintelligence (CI) experience has demonstrated repeatedly that observations of unexpected activities occurring during U.S. defense and other national security operations can be indicators of foreign intelligence knowledge of those operations.

For example, the Soviet navy's seeming foreknowledge of where U.S. ships were going was much later found to be attributable to the John Walker spy ring. The sudden inability of U.S. intelligence to continue exploitation of Russian communications' vulnerabilities because of unexpected Russian application of communications security measures was, much later, traced to the espionage of Ronald Pelton. Agencies aware of these events did not consult CI elements in a timely manner about their anomalous observations. More recent espionage cases have also demonstrated the value of recognizing and reporting anomalies for CI analysis.

Consequently, we should adopt a more systematic approach to the handling of anomalies, which includes the early participation of CI elements to help detect and neutralize espionage.

Within 90 days, you should formally structure a process for handling information on anomalies within your organizations that will, at a minimum:

1. Integrate into existing security awareness and CI presentations information on everyone's responsibilities for early recognition and reporting of anomalies.
2. Designate and publicize the identity of internal focal point(s) that will receive and evaluate reports on anomalies.
3. Establish written procedures for prompt and candid consultation with CI elements to receive CI advice. The procedures should also outline steps that will be taken where appropriate to facilitate CI investigations to identify foreign intelligence operations.

Those with CI investigative responsibilities should also:

4. Establish a formal process to share data on anomalies and the CI response to them with the National CI Center (NACIC). The process should account for anomalies deemed especially sensitive, if an agency head decides not to share information about an anomaly and the CI response with NACIC.
5. Based on lessons learned from espionage and other CI cases, train and designate CI and security countermeasures managers and officers to improve their recognition and response to indicators of espionage and enable them to provide further training where needed.

Please provide the NACIC a written report of your implementation of this guidance. The NACIC will, within 120 days, collate all recipients' inputs and provide a written progress report through the NSC staff for the President.



Anthony Lake  
Assistant to the President  
for National Security Affairs