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**Crisis Management at the FBI  
James M. Fox**

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## Crisis Management at the FBI

James M. Fox

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*James Fox has been Assistant Director in Charge of the New York FBI Division since 1987. He began his career with the FBI in 1962 at FBI Headquarters in Washington, D.C., and was appointed a Special Agent in 1963. Following a period of training, he was assigned to the New Haven office, and later transferred to the San Francisco office, where he studied the Chinese-Toyshan language. After completing studies at the Defense Language Institute, Mr. Fox was transferred to the Chicago office, where he served until he assumed supervisory duties at FBI Headquarters in 1975. In 1977, he became a supervisor in San Francisco, and was later appointed Assistant Special Agent in Charge. In 1982, he was named a Permanent Inspector in the Inspection Division at FBI Headquarters, and became Assistant Special Agent in Charge of the Los Angeles office in 1984. He then joined the New York City office as Special Agent in Charge of the Foreign Counterintelligence-Soviet Division and was designated Deputy Assistant Director in Charge of the New York City office in 1986.*

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**Oettinger:** We're delighted today to have as our guest James Fox, who is the FBI's Assistant Director in Charge of the New York Division. You've seen his biography so I won't take time to repeat that. I just want to remind you as well as Mr. Fox that the train of thought that led to my tracking him down and inviting him had to do with this question of managing crises and the command and control and intelligence needs. I was thinking about what we have heard from people in the military for whom crises mercifully are rare and episodic, with a great deal of idleness and preparation in between. At the other extreme is the businessman whose crises are more recurrent, though in a sense less serious, and who is continually practicing. There seemed to be kind of a void in between that might have some of the characteristics of the military and yet be more frequently exercised. Then someone said, "You really ought to go and get someone from the New York office of the FBI because they've got one of the best active control and crisis management centers in the civilian security sphere." What I wrote to Mr. Fox was that, "I hoped he'd be willing to share with us his experiences in overseeing what I've been told is

one of the most extensive and active crisis management centers in the civilian security sphere. I've been told that the operation is less predictable than the business ones but more frequently exercised than the military ones. Now, what does that mean for organizational structure, training and doctrine, technical support, or any other aspect of intelligence, command, and control activities?" I hoped that was what you'd be willing to discuss with us very informally. Over lunch Mr. Fox said that he had maybe a half-hour's worth of remarks and is delighted to be engaged in this discussion. I presume you will welcome questions while you're talking? And so with that, it's all yours.

**Fox:** Thank you, Tony, I'm very pleased to be here with you today. I flew down from New York this morning. I will give you 30 or 40 minutes of prepared remarks. Ask questions at any time. Then I would hope there would be a period of questions and answers following this so that I can get the information to you that you more directly need.

A little bit about the New York office. It's the largest FBI office by far: there are 1,200 agents at the

New York office. There's no other office that's even half that size. In the New York operation, for instance, we are so specialized that we own or lease more than a hundred off-site locations centered around Manhattan. Normally these off-site locations are covert sites, for instance, for a terrorist surveillance team or a very sensitive counter-intelligence operation. Our main office is at 26 Federal Plaza. We have seven floors of this building, which is, by the way, the largest federal building outside of the Pentagon. So New York is a big operation.

We have 75 different squads in New York. Each squad is composed of about 15 agents headed by a squad supervisor. The squads get very specialized, as you might imagine. In places like Springfield or Omaha, you might have three or four squads in the entire office to handle 263 violations that the FBI has the responsibility for. In New York we have one squad that handles nothing except KGB Line X at the United Nations Secretariat. The KGB, of course, is the Soviet state security people. Line X is their scientific and technical branch, and the Secretariat Line X, as opposed to the Soviet mission to the UN, Line X. That's how specific we get. Targeting the KGB alone, we have about 14 or 15 squads. The number does vary according to what's happening at the U.N., most of the intelligence threat being at the United Nations.

We have squads that handle the traditional investigations that we've always handled: bank robberies, kidnappings, and car rings, but we've really, I think, come a long way, for lack of a better term, since the Hoover days when we were doing investigations of individual car thefts. My first case with the FBI as a new agent in New Haven was titled, "Unknown subject: theft of six wool caps from an interstate shipment." I don't know what six caps were worth but I was an energetic young agent. I went out and fingerprinted anybody who would let me fingerprint them. I sent leads all over the country, and I'm sure some agents in places like New York that have more important things to do must have thought, "What's wrong with this kid in New Haven?" Of course we don't work those cases anymore. In fact in New York the threshold of entry into a bank fraud case is \$50,000. If a teller steals \$49,000, the FBI doesn't even get into the case. Now it's different again in Springfield. They open cases where the loss is \$10,000, but in New York everything is bigger and better and more expensive and grander. Those are some of our ground rules.

A big part of our operation is what we call a special operations group. That involves such things as

electronic monitoring, or the physical surveillance specialists. Physical surveillance involves much, much more than car A following car B through town until they can see them do something illegal. You can't run an effective surveillance without very special equipment.

You're free to ask any questions; I've got a very thick skin. You can ask me about anything: wiretaps, J. Edgar Hoover, racism in the FBI, whatever you want to ask, and I'll try to give you the answer. Some of the crisis investigations that I've been involved in my 27 years as an agent go all the way back to the assassination of John Kennedy. Just about anybody who was on board in the FBI in those days, in certain cities, would have been involved in that investigation. It absorbed that much of our resources. The 1968 Democratic Convention in Chicago — I got my assignment and I had no idea what that convention was going to turn into, but my assignment was Lincoln Park, the 4:00 to midnight shift. Wow! Did I see some things!

The 1984 Olympics in Los Angeles was probably my most enjoyable FBI assignment. I was sent there just for the Olympics, knowing that as soon as the Olympics were over, I would be sent to New York City to run the Soviet operation. Planning for the Olympics (just a side note here) probably took the better part of two full years. All the planning was done before I got there. I got there in May of 1984; the Olympics started on July 28. I walked into a situation where everything was up and running, it was finely tuned, and, believe me, it was a case of being able to sit back and enjoy the Olympics. As you recall, nothing went wrong. There were a lot of hoax threats, of course, and minor glitches, but there were not the major terrorist incidents that we all feared.

In 1986 New York City had what they called "Lib Sale," the hundredth anniversary of the Statue of Liberty. Again, there was a lot of planning and what we were preparing for there was, the worst-case scenario: the domestic or international terrorists trying to make a statement during this four-day weekend when millions, probably hundreds of millions, of eyes would be on the proceedings at the Statue of Liberty. We are getting ready in two weeks for something that they said may be bigger than that. It's the two hundredth anniversary of the inauguration of George Washington combined with the Navy fleet week, which is a big thing in New York. So, we're going through the same sort of planning and preparation. There will probably be four separate operation command posts around New York City to handle the

various sites where all of these events will be occurring.

In 1992 there will be a celebration in New York: the five-hundredth anniversary of Columbus's discovery of America. They're already getting ready for that. The Italians, the Spanish, and the Swedes are all fighting over who gets the credit, of course. But they say that will be bigger and better than anything. I guess it's just New York.

A crisis was brought home to me very dramatically just before Christmas. It was December 21st. We were paying courtesy calls on other federal agencies who were having Christmas celebrations and I was beeped. The message was to call Ed Cunningham at Pan American Airlines immediately. I did, and he said that Pan Am 103 just went down over Scotland. I knew there were many, many New Yorkers on the flight, a lot of them being government workers. I knew there would be a lot of coordinating to do, so we discontinued the party circuit, went back to the office, and as I walked into the office, I heard somebody start shouting, "Jim, Jim!" It was Pat O'Hanlon who runs the State Department Office of Security for New York. Pat's overweight, but he was running. Huffing and puffing he ran up to me and said, "You've got to help me. We can't get anyone to give us the manifest from Pan Am 103. We had several people from my office who were supposed to be on it." I dashed up to my office and I called one of my agents at JFK who had just gotten the manifest. It was very, very dramatic. If you can imagine this: Pat O'Hanlon giving me the name John Smith. I said, "John Smith." "Let's see ... yes, he's on the plane." We just went through the names and after every name I could see Pat's eyes welling up. It was pretty emotional.

Pan Am 103, of course, became one of the most manpower-intensive investigations that we've had recently, and it's still going on. They have a pretty good idea now what sort of bomb it was; some idea of what group was responsible for it; and knowing our intelligence base and the persistence of our investigation in something like this, it won't be long before we know who the bomber was.

In 1984, a law was passed which extends FBI jurisdiction in terrorist matters to foreign countries. Now, that law is as good as the foreign country is kind to us. In other words, the FBI's not going to go into Libya trying to arrest a terrorist, nor into the Soviet Union, but the Germans might let us come in, the French, the Italians. In the case of the Middle East terrorist Younis, who was recently convicted in Washington, we lured him onto a yacht in the Medi-

terranean, and he was thinking he was in for a week of drinking and partying. Everybody on the yacht was FBI. We arrested him, brought him back to the United States, tried him, and convicted him. This is the trend in the terrorism cases. We're going to track these people everywhere, forever, however long it takes, and we will find out who they are, and we will bring them to justice here.

When we talk about "crisis command" we always talk about training, planning, experience, and how valuable all these things are. In 1986 there was a shootout in Miami. Seven FBI agents were killed or wounded and two bank robbers were killed. The gunfight started somewhat unexpectedly. Banks had been hit virtually every Friday in one particular area; our cars were out on surveillance, assuming that the banks would be hit this day again. They stumbled onto the car they were looking for and as they started to surveil them, they called in all the other FBI cars. I think we had a string of four or five FBI cars now following the subjects, determined not to lose them, a discreet surveillance was not possible here. We weren't worrying about being discreet, we were worrying about not losing them, because these two were so vicious in their crimes.

As we were following them, the agent in the lead car was telling the others, "On the passenger side there's a white male with a long rifle, he's loading up." He could see the driver fiddling with something and he said, "The driver's loading up also." They were getting ready for war; both were combat veterans.

They finally took them into a neighborhood where we wanted no escape and all the cars came together, all the doors flew open, and the shooting started. The shooting went on for four minutes. Over 140 rounds were fired, ending in the death and wounding of all those agents and the subjects.

The remarkable thing about this case was the two agents killed: Jerry Dove and Ben Grogan. If there were two agents that you would want to have in a gunfight with you, it was these two. They were constantly training, constantly alert; every time they went out on anything approaching danger, they would wear their body armor. They always had the right equipment. They were fully prepared. They were the guys that the FBI had been training for years for just such a confrontation as this, but you know what happened? One agent took out his handgun and put it on the seat. It became obvious that everybody was going to come together and stop and the shooting was going to start. In fact, he ran into the FBI car ahead of him. That handgun went sliding

forward, and got lost underneath the floor board. He was out of commission for about the first minute and a half of that fight. Ben Grogan, the experienced old pro, who was so good, got out of the car. His eyeglasses fell off and he stepped on them. He was blind! Dove and Grogan were the agents who were killed. There's been a TV production that reenacts this. It's very well done. It's very dramatic.

One of the very surprising things is we're taught in training that if you hit a man in a certain spot with a bullet, he's down, he's dead. These two subjects, between them, when they finally were killed, had seven bullets in what we call the "kill area." They weren't on drugs that day for some reason. The adrenaline was pumping and even though they took what we call "a K-5 hit," they kept on shooting.

So, training is great but there's also the adage that if it can go wrong, it will go wrong. The survivors of that, when they finally got out of the hospital, and they were asked, "What lessons did you learn from this?" to a man, they said, "When something like this happens, when a crisis hits, training takes over. You don't think rationally anymore when there are bullets flying all around." I've never even been close to a situation like this. All five of the survivors said training takes over.

In the area of intelligence, when we're going to launch an operation, we're going to "pitch" somebody, for instance, a Soviet KGB officer. To pitch him means we're going to approach him; for some reason we think we can convince him to work for the FBI. That's what we call an RIP, recruitment in place. It's our number one goal in the counterintelligence field. If you get a recruitment in place, you've got someone working for you inside the KGB residency, a window onto the entire KGB operation in New York. If you can get one back into Moscow center, it's a window on the world operation. So that's our top goal.

We don't go about it lightly. We don't pitch every Soviet diplomat or KGB officer who comes to New York City. We plan; we surround them with people who will find out what their vulnerabilities are, what their character is like, what they like or dislike about Russia, or their job, or their boss, or the United States. Surprisingly, most of the Russian diplomats these days genuinely like Americans. They like going to football games, going fishing with Americans, they like the three-martini lunch, and because they genuinely like Americans, and they get along with them, it almost makes their job easier. You know, it's much easier to befriend someone you like than supposedly to befriend someone you can't stand. The

Russians they're sending here today aren't the old guys with their hands behind their backs in the long overcoats. These are the so-called golden youth of Moscow. Very Westernized! Their clothes are Western; they speak very good English; and I've dealt with some of them who, if they were here in this room with us, believe me, would fit right in and they would be part of us and they would join in on these discussions and conversations. They're very effective.

So we go to all this planning; we consult our psychiatric teams at Quantico, and tell them here's what we know about this guy. The Russian will be here four to five years. We may go for three or three and a half years gathering the information, deciding if we want to make a pitch or not. We call in the psychiatric people and they help us decide which pitch would be most effective. Then after all that planning, we make the pitch, and if one in a hundred is successful, that's a phenomenal success rate. We would be tickled if one in a hundred was a success.

**Student:** How many do you have in place?

**Fox:** You'll never know!

**Student:** I just thought I'd ask that.

**Fox:** And I don't know.

**Student:** It makes it tougher, doesn't it, if you make a pitch to one and he turns away?

**Fox:** They may protest it to the State Department, which is something none of us want; you know, it's embarrassing. If we're pitching him because of some vulnerability, for instance, if we respond to a lot of calls from department stores who catch the Soviet shoplifting and we dash out there and go in and sit down with him, and we pitch him there because we have him in a compromising situation, he probably won't report that. There's the soft pitch, and the hard pitch. If we just approach a guy under a controlled situation because we think he's vulnerable, and we make a hard pitch and he knows that he really can't work in this country anymore because of the nature of our pitch, he will probably report that. That will be an objection to the State Department. That's something none of us like; it's kind of embarrassing, but it does happen. I'll give you two illustrations.

**Oettinger:** Why is it an embarrassment? They know you're doing it. They're doing it to our people and so on ... So vis-a-vis who and for what reason is it an embarrassment?

**Fox:** It's an embarrassment to the government basically that we did it, we were unsuccessful, we were caught, and they're publicizing it now. They will

usually embellish it somewhat. You may remember when Vitali Yurichenko redefected he had the big press conference. That was very embarrassing, even though no great damage was done except to our pride.

**Oettinger:** You know, it seems like if they want to, they can stage one of these.

**Fox:** They sure can. And yours is the attitude most of the agents have. Why worry? We tried it, it was not successful, but that's our job. That's really my position too. But we'd rather not have the official protest.

I'll describe two cases, both successful, but it shows you how differently these things can go and where planning and preparation come in. One case we'll call "Gold" for lack of a better term. We tracked him, as I just described, and surrounded him with people who could tell us what he was all about for years and years and years. Then he became ill, and for a variety of reasons, some of his friends abandoned him. An FBI supervisor called him on the phone one day and said, "I know you're sick. You're alone. How about if I come out and bring you something to eat?" Gold said, "I know what you want. Save your time." He said, "Well, what will it hurt?" There was snow on the ground; it was about ten below zero and Gold said, "All right, if you want to do it, be here in half an hour." He said, "I can't possibly be there in half an hour." Two and a half hours later the FBI supervisor walked in on him and they had a very, very stressful, cold session. Gold was a genuine, lifetime, ideological Communist. The agent left probably after an hour and said, "I'll call again next week." This whole time Gold was saying, "Save your time; save your breath."

To make a long story short, six months later the agent asked Gold for some information which was sensitive. Gold, rationalizing, assumed, "Well, they know this already. This guy's been so nice to me." He gave us the information. That was six months from the beginning. Six months beyond that, 12 months along, and all this time the agent was visiting with Gold. Gold said to him one day, "Well, you've got me after all, don't you?" The agent said, "What do you mean?" He said, "You set out to recruit me and you have." And after that, the information just flowed.

This was the best, most productive US asset we ever developed. A tremendous amount of planning, preparation, and thought went into this. The pitch was done right. It took a full year to get him. He remained ours forever. I was involved with Gold a great deal and the information he gave us over the

years, and he just went on and on until his health really failed and he couldn't go on anymore. So that's a classic operation.

**Student:** At what level is the decision made to pitch somebody like that? How high up does it have to go?

**Fox:** Our organization structure is such that under me I have three special agents in charge — SACs: one for criminal matters, one for intelligence matters, and one for administration. So the SAC for intelligence matters would come to me and say that we want to pitch him. If I gave him the go-ahead, he would go down to Washington and ask Headquarters concurrence. If it was a diplomat, Headquarters would go to the State Department; they would get the White House on board, the whole thing. So, it goes way up.

**Student:** Depending upon who the target is, it can go all the way up?

**Fox:** If it's a diplomat, it can go all the way up.

Okay, that's the one case. Now listen to this other case. We talk about planning and preparation. An FBI agent is walking through Central Park, spots a Soviet KGB officer who is a diplomat at the UN, walks over to him and says, "Gennadii, have you ever thought about working for the FBI?" Gennadii says, "Yeah, I have. Meet me in this hotel room tonight at eight o'clock." And that was the start of another fabulous operation. I think he was the best, most productive Soviet asset we ever turned. Quite a difference! One case took years to develop; this case was done on a whim in Central Park. You never know what will work.

You can't do this to everybody, because whatever we do here can be done over there in Moscow and Leningrad. In the old days, I think, under surveillance some of the agents might have thought it was smart to put soap on the Soviets' windows or give them a flat tire or something. That's then going to happen to some American in Moscow or Leningrad. Parity is the name of the game in the intelligence field. So we don't do these things frivolously; we don't pitch everybody who comes along. They're very carefully monitored, but you can never tell what's going to work and what's not.

We have in New York what we call an Operations Center. It's divided into two parts. One is basically where all the information flows in from all over New York City: from other agencies, from police departments, from informants, from our own agents out on the street, from other FBI offices. It's analyzed, and then disseminated, as appropriate, within our office. As part of the Operations Center, right next to this

information center is the Emergency Operations Center, EOC, from which we actually run the crisis situations. If you've ever had a tour of Cheyenne Mountain, this room is something like that. It's something like this room except that there are elevated tiers and there are status graphs all over the place and very, very sophisticated secure communications equipment. So when we're talking on the phones there, we cannot be intercepted; the two-way radio traffic is secure and cannot be monitored by a Bearcat scanner, for instance. When we have massive drug raids, we coordinate them from this room. Anytime there would be something like a plane hijacking we would run it from there. Yesterday morning we had a big sweep in New York City. We arrested ten members of the Bonanno family. We ran it from there.

**Student:** Sir, do you get called in to run the operation yourself?

**Fox:** Seldom. Now if it's a major operation, I will be in there. There is a chair up on top where I and my deputy would sit, and then at the lower levels are the working people, and the information filters up to us. Whoever is making the final decisions can't get involved in everything. In fact, you almost have to stand back and keep it at arm's length so that you don't get too involved in it. When the policy and the operational questions finally come, then they come and ask us. You've got to have all the information. That's when you should really make the decision. I actually make few decisions in the course of a big operation. That's delegated to a lower level. The important ones, I and my deputy make.

**Oettinger:** Have you been tempted to go down?

**Fox:** Oh, God, it's awful. It's quite a temptation. You see so much going on and you want to get down there and get it first hand, but at our training at Quantico, for crisis operations, this is one thing they stress: the final man at the top who makes the decisions can't get involved in that stuff down there. You've got to stand back and wait for it to come up to you in an orderly fashion. Usually by the time it comes up to me, if it's a recommendation being made by one of the SACs and he's got a sound recommendation, I'd say 90 percent of the time I'd go with his recommendation.

**Student:** Sir, regarding the training, do these people sit in the same position for every crisis or do you bring in a whole new team? Also, do you train the team if a team exists?

**Fox:** Probably it would be a different team for every crisis. The crisis team in the EOC is going to include cops, DEA, Secret Service, BATF (the Bureau of Alcohol, Tobacco, and Firearms), the airlines people, the Port Authority police in New York since they control the airports, depending on whatever the operation happens to be. They each have their place to sit and we have about 70 or 80 different markers for the agencies.

As you advance administratively in the FBI, you have to go through a series of crisis training at Quantico. We run operations exercises. Some of the more elaborate exercises that we've had have gone on for weeks. For some reason they usually favor the nuclear terrorist type of exercise and the last one they did was located out in New Mexico. We've never had a legitimate nuclear terrorist threat that the FBI has handled, but we've had a lot of exercises and we feel pretty confident in our structure. But as you advance, you go to more and more of these training centers. We have them at the Pentagon, throughout the military, so that when the real thing happens, you're pretty comfortable, and as a survivor said in the Miami shootout, "When something happens, training takes over." I guess that's why we put all this time into those exercises.

**Oettinger:** So, let me try to understand. Your answer to his question is that, although for a particular crisis, the actual people are likely to be very different from the people who handled the last crisis, the common denominator would be, at least as far as your people are concerned, that they would all have had some crisis management training in one of these exercises that you've described.

**Fox:** Yes, virtually all of them would have it.

**Oettinger:** So it would be an exception if somebody green got in there.

**Fox:** The way that could happen is if someone is transferred in from Omaha where he would have had very little crisis training, and he's been here six months and hasn't had time, but nevertheless, he's an integral part of the investigation because he's got the knowledge.

**Student:** You mentioned representatives of all these other agencies that would have chairs in this operations center, DEA and what have you. Are you, the FBI, sort of regarded as the senior law enforcement service charged with coordinating all of these disparate agencies when you're in a crisis scenario?

**Fox:** In New York we are. In some places we aren't.



**Student:** Are there liaison officers from these various agencies administratively inside your office?

**Fox:** We were discussing at lunch that in no other city is cooperation between the agencies as good as it is in New York, and that's because the people at the top have said, "If you mess up this relationship with the New York Police Department, you're out of a job." In the few cases where somebody has messed it up, they've been severely disciplined. That word quickly gets down to the troops; everybody had better get along with the cops, the DEA, the Secret Service, or we're in trouble. So in New York we're very lucky. We have jurisdiction for almost everything that comes along. An exception would be a counterfeiting case. We have none; the Secret Service has it all. In that case, that would be run from their EOC in the Secret Service office. The DEA and FBI have joint drug jurisdiction. Usually those cases are run in our EOC, but if for some reason they feel strongly that it should be theirs, we can do it in their place just as well.

**Oettinger:** That implies that somewhere in one of these things, you have some things which are almost retail, like one of the bank robberies that you described; some which are wholesale, almost military; and the New York celebrations of various kinds, which are massive. You have some that in military jargon would be joint, like the ones that you're describing that have a number of agencies involved, and some that are combined, because you've got the Brits involved, like Pan Am 103. You were just citing the example of the Drug Enforcement Administration. When the first phone call arrives and somebody in your shop or their shop takes it and finds out whatever it is that's going on, between that and the decision that it will be handled out of your EOC or out of my EOC, or somebody else's EOC, are we talking about five minutes, days, bitter wrangling, prearranged, go by the book ... ?

**Fox:** I'd say no bitter wrangling. We have a checklist, if you want to say "Go by the book," that virtually every manager has. The checklist should be second nature, but it's just to make sure you cover everything. When the first phone call arrives, for instance, if it's a hijacking at JFK, we would automatically open up the EOC; I would have my deputy do that. Everybody knows that FBI is the lead agency there, and they know the people we have to bring in: the New York City police, the Port Authority, FAA, sometimes some others, certainly airline representatives. In something like a drug case, normally, the crisis doesn't thrust itself upon you imme-

diately. You've been working up to this point for months, in some cases years, so you know well in advance. Some of the biggest turf battles we get into are with the United States Attorney's Office. We're going to have a press conference after a case has successfully gone down. Rudy Giuliani wants it in his office, I want it in my office so now we have ...

**Oettinger:** He's now running for mayor.

**Fox:** We have certain guidelines. If this, this, and this, Rudy gets it, if something else, the FBI gets it. You may recall a couple of years ago the case involving Gennadii Zakharov, the Soviet diplomat at the UN (this was in 1986) whom we actually arrested in Queens. We'd been running a double agent against him for some time. He would meet the agent once a month to get whatever information that he had. The whole time, he's tasking our double agent who he thinks is working for him; he says, "You've got to start giving me classified stuff." We knew that. The amazing thing was that Zakharov worked at the UN Secretariat, not at the Soviet mission, so he did not have diplomatic immunity. To this day, we can't imagine why he took such a chance when he did not have diplomatic immunity.

Finally, our double agent did get access to classified information. So we knew that at the next meeting, active espionage would occur. He would pass the secret documents, Zakharov would accept them, and we would be there, if everything went right, to interdict him and arrest him. Everything had been in such a pattern up until now. Zakharov would meet our agent, they would go into a restaurant and eat, then he would come back to our agent's car, the agent would open his trunk, and give Zakharov the papers he had in there. We mounted a camera on a telephone pole opposite our agent's car; I was in the EOC with Andy Maloney, the US Attorney in the eastern district, with some people from Washington, the Department of Justice, who were here to monitor it, and it was going to be unique because it was the first time I knew of that the Deputy Attorney General and the United States Attorney and the head of the FBI could actually watch this act of espionage occurring.

Well, what actually happened was they got into the restaurant, and Zakharov was told the double agent has classified stuff today, secret information. I don't know why, but he said, "Oh well, in that case, meet me on the subway platform two blocks away." He didn't go back to his car.

Suddenly, we had arrest teams all over the place, but nobody prepared to cover the subway platform, and this is an interesting little sidenote that I'll share



with you. Fortunately, we were in the Op Center and we had people who were on the radios to the arrest teams, again stressing secure radios. If any of this stuff ever went down nonsecure it would ruin the whole operation, because the Soviets monitor all of our stuff that they can.

We started reassigning the arrest teams. The arrest team that was able to get to the subway station first was two male and one female agent. They were all dressed in jeans and sweatshirts so that they would fit in, but when they walked up on the subway platform, there was no one there except Zakharov and our double agent and they were approaching each other. So the arrest team leader said, "My God, there's nobody here but the five of us!" So he said, "Donna, hang on!" He grabbed Donna and gave her a big kiss and said, "We've got to pretend we're boyfriend and girlfriend." When Donna was describing it, she said she was embarrassed not at having to kiss Terry; she was embarrassed because here they were, both kissing with their eyes wide open, waiting to see the documents pass. The documents passed, they gave Zakharov about 30 seconds to page through them to make sure he knew they were secret, and they said, "FBI, you're under arrest!" He said, "No." He threw the package and took off running the other way and they wrestled around the subway platform for a few minutes. Zakharov was very fit, a very strong young man. It did take the three of them to subdue him and when they finally brought him out, I'm told he had three sets of handcuffs. You know, we're not sure if any two belonged to the same set. They brought him back to the office, and now the arrest is over, and the substance of the espionage case is made.

So often in these crisis situations, when the high point is passed, and you're kind of coasting home, you let your guard down, and that's when you mess up. So often that's the case because at the height of the crisis, every nerve in your body is ready, and training has taken over. When you start to relax, you can blow it all. They brought him back to our office. Remember, he had no diplomatic immunity, so he was arrested. We have x number of hours to photograph and fingerprint him, and determine who he is. It was a long ride back from Queens to our office and you can imagine what we're trying to do during this ride back. We're saying, in effect, "Nobody knows yet. Do you want to help us?" It's got to be a terribly stressful time for a KGB officer. In any event, after a few hours we were finished with all our processing and we called the UN, since he was a UN employee. They, of course, called the Soviet

mission who came over to verify his identification, and then he was arraigned. You may remember the sequel to that. I thought it was going to be just a simple arrest. It almost started World War III. They grabbed Nick Daniloff in Moscow; we expelled 25; they expelled 25; we expelled more; they took all their employees out of the US Embassy in Moscow, which, effectively, had the ambassador doing the dishes, which means it shut it down. And then, I guess, reason took over and somebody decided, "We can't let this thing accelerate anymore."

A good point: the long-lasting effect of that. The 25 that we expelled from New York were really top KGB officers; you know, their .300 hitters. You take out your best team and although you've got more people to fill in there, they're not going to be of that quality, of that caliber.

**Student:** Can I ask a question there? You expelled 25 and that same 25 are never permitted to return, is that correct? They can fill the slots with any other 25 but none of those?

**Fox:** Right. You know, we're getting better and better. In the old days, they might be able to let those 25 return. We were so sloppy. I'm going back up to 30 years. Even as recently as 10 years ago, if they wanted to bring a man into New York in KGB residency who had a track record of espionage throughout the world, the US government would probably have let him in. Today they won't. We voice an objection. More often than not our State Department will support us and not give him a visa. So we've come a long way.

**Student:** You mean simply because he has a good track record at doing what he's been trained to do?

**Fox:** Yes. Why let their good spies into the United States?

**Student:** Oh, but their mediocre spies are acceptable?

**Fox:** Well, somebody, perhaps, who has more vulnerability or whom we have assessed while he served in England or Germany or wherever he was and we think there's a chance to pitch him.

**Student:** So you can arrange for visa denials for these KGB agents in a summary fashion, without having to explain why you're denying it.

**Fox:** Oh no. We have to explain to the State Department.

**Student:** You have to explain? And State has to explain?

**Fox:** They have to explain to the Soviets. They probably say it's because he's a known intelligence

officer. Now whatever we do, the Soviets can do to us. So, you know, you just have to bear in mind the parity thing.

Just one more observation in the intelligence field. Sometimes it's hard to understand how one spy can mean that much. Of course, you can think of a spy getting certain nuclear secrets or something, but a spy who had a devastating impact on the United States was John Walker, the Walker spy ring. We got Walker through a fluke. He stopped making alimony payments to his wife, who called the FBI here in Boston, I think. She said, "He won't make his alimony payments," and the agent said, "That's not our jurisdiction." She said, "He's a Soviet spy." He said, "We'll be right out to see you." And indeed, he was a Soviet spy.

So that's why, although drugs are the number one crime problem in New York City, counterintelligence is the FBI's number one investigative priority. There are 35,000 cops working drugs in New York, so if the 100 FBI agents back out, it may not be that much of a loss. There is no one but the FBI working counterespionage in the United States, so if the FBI doesn't make that its top priority, nobody's going to. Just look at John Walker and how long he was active, and what he gave the Soviets, and what it meant to this nation.

Really quickly, let me go through one month with you of events in New York. I'm taking mid-February to mid-March and this will just give you a taste of the type of daily occurrences and decisions we make. And even though at the time, when this stuff happens, we say, "Oh, God, not another one!" believe me, we look forward to coming to work. When I was a kid, my dad was a bus driver. He drove a bus in downtown Chicago. He hated it. He always said to me, "Find a job you love and you'll never have to work a day in your life." I am very lucky because I found that job, and I think probably 90 percent of FBI agents look forward to coming to work every day. You open your mail folder, or you get that phone call and, my God, it can all blow up.

Okay, mid-February of this year. The weekend of February 20th, when I went home on Friday night, it was a three-day weekend. I knew we were getting ready to take on a big Chinese heroin operation. We had been working on it for a year and a half. You never know how much you're going to get. It could have been five pounds of heroin; it could have been 100 pounds of heroin. So I called in Saturday. No, they had decided not to take it down yet, with good reason. I called in Sunday. They decided not to take it down yet. Monday, they called me at home and

said, "We want to take it down tonight. Here's why." I probably had a good reason, and I said, "Call me if anything dramatic happens." Certainly they would call me if there was a shooting or something like that, or an agent was injured. I got no calls, and when I went into work on Tuesday morning, I turned on the news on the radio and the newscaster said, "The FBI overnight seized 300 pounds of heroin." I said, "Oh, my God, 300 pounds!" One pound of heroin equates to a million dollars on the street. So I raced to the office, thinking we had 300 pounds, and I rushed into the EOC and I said to the supervisor, "Did you get 300 pounds?" and he said, "No. We got 800 pounds." Now that much heroin, since you can take in above a million dollars on the street, was worth a billion dollars. In addition, we seized three million dollars in cash.

Talk about luck! You know, you talk about training, planning, experience, ability; give me luck anytime. The heroin was concealed inside rubber tires that had been hollowed out, the type of rubber tire you'd have on a wheelbarrow or lawnmower. Then they resealed them so the smell of the rubber would render the dogs ineffective. There was crate after crate after crate of rubber tires. Here's the way they knew which crates had the heroin in them. There were ten tires to a crate. The crates that were real tires weighed 105 pounds each. Those where the tires were hollowed out and filled with heroin weighed 95 pounds each. We finally went into the house, found the money in the house, saw the U-Haul trucks out front, saw scales all over the house, hit the trucks, and there they were. That just happened to be the day that the Congressman from Queens was coming into the office for his drug briefing. I said, "Wait until you see what we seized overnight." I showed him the money and the heroin and his eyes got like saucers. I mean, we were just walking on air, all of us. The Director called me, the U.S. Attorney called me, everyone congratulated us. Of course, when you screw up they call you too, but for other reasons.

**Student:** You were in *Time*?

**Fox:** Yes, I was in the picture, holding up one of the tires. That's right.

One week later, I was at Headquarters visiting with the Director, and he got a call from the Attorney General. What had happened a few days before was the Ayatollah Khomeini had said the book *Satanic Verses* was a personal affront to the Islamic religion, and Moslems everywhere were tasked to murder the author and attack stores that were selling the book.

The Attorney General said, "We're getting ready to write a speech right now for Bush to give this afternoon." The Riverside Press in New York was fire-bombed and two bookstores in Berkeley were fire-bombed. It may be part of an overall terrorist sequence initiated by the Ayotollah." This was the first I'd heard of any of it. We got the facts and, indeed, it did look like that's what it was, and it still looks like that may be what it was.

Suddenly, we were thrust into a major investigation in New York and in our San Francisco office. Here's where the interplay between the agencies came in. The police, seeing a newspaper bombed in the Bronx, said, "It's an arson; we will handle it." Our perspective is, "Wait a minute! This is one of a series of nationwide events that may be part of international terrorism. We think we should handle it." The relations are so good, just my saying that to Ben Ward (the Police Commissioner) was enough to have him say, "Okay, you set up the EOC. We'll send our arson people over there to work with you." And that's the way it's been run since the 28th.

Now we're at the 28th. That brings us down a little bit from the "heroin high" we were on a week before. That evening was the real tragedy, probably the real tragedy of my tenure here in New York. I got a call at home about 9:30. A DEA undercover agent, Edward Hatcher, who was part of our joint FBI/DEA task force, was meeting a drug dealer that night on Staten Island. They called me at 9:30 and said, "Hatcher made the meet but we've lost him. He's somewhere on Staten Island." Well, we scrambled cars from everywhere we could and they were just combing Staten Island. An hour later, one of the cars came back to the original meet site and there was Hatcher, in his car, motor running, lights on. They went over and he had two bullet holes in his head and one in the abdomen.

This was the crisis, and now after the crisis, we have to beware. It's very easy for cops, and the FBI is included in that term, in a situation like this, to become enraged and think we just have to get somebody bad and pay him back just to let him know that you can't do this to us. So you've got to counsel your men always to have control of themselves, maintain their discipline; no unnecessary force or violence or use of firearms. But you've got a bunch of very angry FBI and DEA agents now second-guessing themselves, pointing fingers at each other. Thank God it did not get out of hand, and again, I think it's because of relations at the top between Bob Stuttman, the DEA Director, and me. We told our

people, "Forget about these rumors. Poor Hatcher is dead. Now let's find the killer."

So that was really a long way down from the week before when we had 800 pounds of heroin. We set up a joint task force with the PD, DEA, and the FBI, and they've been in our EOC ever since that day. As a sidenote, the killer vanished into thin air. We don't have a decent lead on him. We'll get him. My guess is he's still sitting in somebody's cellar over on Staten Island. He's probably got one person helping him and that's a very good way to hide.

Just a few days later, Officer Mattace, New York PD, was murdered, again in a drug killing. To the police, you know, there's nothing quite so gut-wrenching as a police funeral. I went to seven last year in New York, all drug related.

We now move into March, March 20th, and they rush in to tell me that an art theft case we've been working has just panned out. He thinks we're going to recover all of this stolen art and antiques and two hours later he comes in and says, "We've got it all!" Some Chinese vases, one Yung Dynasty, Mei Ping-style vase worth two million dollars; one ceramic vase made in America, considered by many to be the finest piece of ceramic work ever made in America, worth half a million dollars; a silver water pitcher made back during the Revolution; just beautiful stuff. So we put that all on display in our conference room and brought the cameras back in and had another press conference; back up into an emotional high.

The same night that happened, I got a call at home. They said, "One of our agents is missing. He's a counterintelligence agent." That really makes you nervous. We eventually found him. It turned out to be nothing more than someone who for some reason just snapped and went on a five-day drunk. But during this period that we were looking for him, we would find things like his gun and his credentials in various parts of town, on the sidewalk. We found his year-old car parked in Greenwich Village. We didn't know if we had an agent who had been abducted, who had fallen into the river, who'd walked into the Soviet mission, or what we had. Finally, I got a call from Seattle saying, "One of your agents is in the hospital with his leg broken in three places." He had been drinking that whole time and somehow got out to Seattle and stepped off the curb in front of a cab. He decided he had lost his FBI career and he was on his way to Alaska to become a fisherman.

So that will give you some example of the ups and downs, the emotions, in law enforcement. It really is

a profession of highs and lows. Now I want to get into your specific questions here in just a minute.

Some of the crises that we face you wouldn't ever guess were crises. About three months ago three-fourths of the employees in the New York FBI office got a cost of living allowance raise from Congress of 25 percent. That made those three-fourths very happy. The other one-fourth are going to kill me on sight, I'm afraid. They are so mad. It was a quirk of legislation. Congress decided they couldn't give it to everybody, or all the other agencies would be asking for it, so they said, "We'll give it to all those FBI people who are subject to transfer." About one-fourth of our people aren't subject to transfer: secretaries and some of the clerks. So they're working side by side with someone they have been working with for 10 or 12 years, and for no good reason this person is making 25 percent more than they are. It's a tremendous morale problem for us, and we're trying to get Congress to amend the legislation. That has nothing to do with investigation, or with gun fights, or drug buys, or anything like that, but it's a real problem for us.

We have an ongoing problem that has become worse recently because of the perception that the FBI treats minorities unfairly. This arises out of a suit in Texas by a group of Hispanic agents. Their claim, basically, was that we hire them because they have the Spanish language which we desperately need, and then they often have to sit on wiretaps. When you're sitting on a wiretap, your career is not being broadened; your experience is not being broadened; you're kind of in limbo, a dead zone. They said to the judge, "Some of us had to sit on wiretaps for years. If we would have been able to work cases and advance administratively, we'd be way up here now." And he said, "You're right. The FBI has treated you unfairly." So now virtually every speech I make, someone jumps on me for FBI racism, prejudice, unfair treatment of minorities. We're struggling to overcome that. That's another one that I can't get my hands on to deal with. So it is not always what you think might be the obvious crises that occur over and over like this.

The last boss I worked for, in fact, the fellow who ran the Los Angeles office at the time of the Olympics, had a sign on his desk, and I urge you to keep this thought in your mind as you advance through various careers and agencies. The sign said, "No amount of success at work excuses failure at home." Law enforcement, like many, many professions, has among the highest rates of alcoholism, divorce, and suicide. It's very stressful. Some guys, plenty of our

people, just let it get out of control. If you let your job get out of control, it can swallow you before you know it. Someone might say, "Stop and smell the roses," or whatever turns you on, but I guess the idea is that I've seen so many of my friends' families destroyed, and their lives, too, destroyed because they didn't keep it all in perspective. As great as all this is, as much fun as it is, as much as I love it, no amount of success at work excuses failure at home.

Any specific questions?

**Student:** I have a whole list of questions. I'd like to open up the subject specifically about drugs and the term that's been used, "war on drugs." I think it's an unfortunate term. I'm in the Navy, and I don't agree with the use of the military, and we're being pulled into it more and more. I'll give you a little background. I'm not going to blindside you here. We had the Commandant of the Coast Guard come by and he talked about their interdiction program, and he gave a couple of grades to the interdiction effort, one being a B in the interdiction of marijuana, and another being a D, bordering on a D-minus, possibly, for the interdiction of cocaine — it's smaller and easier and probably easier to transport by airplane. Just a few introductory questions here. Do you agree with those grades, number one, and number two, do you agree or disagree with the use of military forces?

**Fox:** Let me do the second one first. I think we should use the military where we can without disrupting the military objectives or purposes. I don't see that massive use of the military would be that much more effective for interdiction. I think last year we got 16,000 hours from the Air Force and that's a lot of flying time. At the same time, the price on the street of drugs continues to plummet, so that means there's more and more coming in.

Grades; I can only speak from the FBI perspective and what I see of our joint operations with DEA. We hardly even do marijuana anymore. In fact, we haven't done a marijuana case in New York in a year simply because in New York crack is the problem. It's such an awful drug. The cops now are saying, "Bring back the good old days of heroin and straight cocaine." That, at least, didn't alter a person's personality; cocaine perhaps somewhat, but crack turns people into animals. The child abuse people are saying they're seeing things they've never seen before as a result of crack abuse.

I guess before you give a grade, you have to say how much you have to work with. The FBI in New York has budgeted 100 agents to work drugs. With that 100 I think we're pretty effective. DEA has 300.

I think they're pretty effective. New York PD, I don't know what their numbers are, but they're pretty effective. Not much of that matters. There's so much out there that I think we're all coming around to a point now of saying that drug demand reduction is the only thing that's going to help stem the drug tide. One of my drug supervisors has a saying I like. He says, "It may be a war on drugs but what we need is a Pearl Harbor." As awful as Pearl Harbor was, it unified the nation in a war effort. We haven't had something awful enough yet to unify us and spend the money for the things we need to do.

We were talking at lunch about the solution. I coined a phrase, "EPT," which is the opposite of "in-cept," which is what our drug program has been. EPT stands for Education, and all that implies; a lot more Prisons and random Testing, and I think those three things combined would go a long way toward reducing our drug problem.

**Student:** That was kind of a lead-up; thank you. Obviously, the military is going to be there. Congress has said that we're going to do some of this whether we want to or not, and we don't really want to. That's the Navy's position. We don't want to get involved in something that we're not trained to do. That's the other part of it.

What are some of your thoughts on how you might use a command and control center? Obviously, we're not linked to that. You know, we've got some major problems. If you look at the number of agencies that are involved in trying to do drugs and thinking that in any one place you might find a dozen different agencies, is that right, is that wrong, if we're going to attack this thing? Maybe that's what Bennett's doing, I don't know.

**Fox:** I think that was the idea of a drug czar: that he could bring some disciplined approach to what is now a multiagency approach. The problem, obviously, is he's called a drug czar but he's given subcabinet status. To me that was the wrong signal to send. I think there have been some public disagreements with Mr. Bennett and other administration cabinet members. We had our SACs conference last week and he was one of the speakers. He's a dynamic, hard-driving guy, but, you know, I almost had the feeling that his reaction is the more he learns, the more he just shrugs and says, "My God, what can be done?"

The Coast Guard is tied into our crisis centers and our EOC; the military intelligence agencies are tied into it. So perhaps, you know, we can use that vein to incorporate the military, if indeed it is going to become involved in a big way. Perhaps we can go

through the military agencies to make sure everything is supervised and controlled. I don't know how they're going to end up doing it. I don't think Bennett knows.

**Student:** Say we went to the city of New York; I imagine it would have a dozen different agencies or so. Somebody counted them up one time, and I think I heard the number 21 nationwide — 21 different agencies at work. Do you think they ought all to come under one common ground, one common leader, or do you think that would be a mistake?

**Fox:** I think there has to be one person who has the final say, and presumably Bennett will be that person. I don't think the Coast Guard has to run everything they do through a centralized person, or the FBI, or the New York Police Department. We have a number of task forces now. What you're talking about is still the law enforcement approach, and my conviction is still that that's not the answer: that reducing the demand for drugs is the answer, and law enforcement can help that, but that takes a commitment, and I don't think Americans are ready for that.

**Oettinger:** Let me try to take his question and generalize it a little bit. The Navy is perhaps the most independent-minded of the US military services. I heard you now describing the New York situation as the closest thing I've ever heard to joint or combined Nirvana and the rest of the world is somewhere in between, let us say Los Angeles or Chicago or the Hoover time or within the FBI and the police agencies or between the FBI and the CIA or whatever. Speculate a little bit or draw on your experience and tell me why New York is different from Chicago or Los Angeles. What are the factors? Can you give a sense of structure, personalities, nature of operations — whatever — that in your experience condition situations where everybody's off doing their own thing versus one where you have on the whole congeniality and so forth? What accounts for that?

**Fox:** Two things come immediately to mind. One is the nature of the operations and the crime problem in New York. It's really on a scale so much more vast than Chicago or LA or any place that I've ever served. New York has world-class crime compared to these other places. We all get there, and my first month in New York I was overwhelmed. I was intimidated. KGB officers are intimidated, seasoned FBI agents are intimidated. It's an aggressive and intimidating place and you look around you and you see cops being mugged right outside One Police Plaza as they're on their way to work at four o'clock in the morning. FBI agents' cars are being stolen, chopped up, and sold. You see agents and cops who

are drug addicts and alcoholics, and you look around you and you find the good people and you say, "Hey, this is so bad, if we don't pull together, we're finished."

**Oettinger:** So you're saying, "It's war."

**Fox:** Well, I'm saying that the nature of the operations makes us say, "My God, we've got to stay together through this thing. We can't let petty bickering destroy the effort." Personalities definitely play a role and without naming the city, I'll tell you there is a major city in the United States, where I'm not sure that they'll ever have the kind of harmony that they need because of the personalities of the people at the tops of a couple of agencies. We're going to have a mayor's election in New York. If Ed Koch is not voted back in as mayor, probably Ben Ward will leave as Police Commissioner; now who will replace him? I don't know. I think I can get along with anybody. I certainly get along with Ben Ward and Bob Stuttmann who has DEA. And again we tell our people, "You're dead if you mess up this thing." If and when someone messes up, we make an example of him. That, in part, I guess, is why it works so well here. The personalities have to play a role. Some people just will not be part of a joint operation.

**Student:** I have a question about the development of the technical side of your C<sup>3</sup> capabilities. With your length of service, the places you've been, and particularly your concentration in counterintelligence, I think you probably are the ideal person to answer. When I saw the movie, "The FBI Story," if I remember the case right, one of the dramatic scenes in there was Jimmy Stewart sitting in a command center that was really just his office and he had a phone and I guess the agents were chasing Rudolph Abel around, waiting for him to take a phony nickel. Every few minutes the phone would ring and he would pick it up and issue some directive to find out what the status was from whoever they were out there. Clearly, in the counterintelligence area, where you mentioned you've got to have airplanes, you've got to have cars, many, many backup squads, all sorts of technical surveillance going on, to coordinate all this requires a very complex command and control system. Over the years, somewhere between the early 1950s and today, you've developed that capability. My question is, has that been a smooth process, has it been in response to particular failings, have you been able to stay ahead and use the technology, are you satisfied with how that's working — can you give your overall opinion?

**Fox:** It has not been a smooth transition, and usually we have made progress right after we've had a major failing — right after we've dropped the ball on something. I can remember cases where we were so frustrated with our own communications capability, we came to NIS (Naval Investigative Service) and said, "Just let us have six of your radios for this operation," because we knew their radios would work, ours and wouldn't. And this wasn't a long time ago — it was 10 or 12 years ago. So it has not been a smooth transition.

As you know, money has always been a large part of the problem here and part of the reason why we don't make faster progress. This stuff is so tremendously expensive. The big breakthrough came for the FBI in 1984 when Motorola came out with a 32-channel radio system that is pretty darn secure. It's not what you call "NSA secure," not that good, but it's good enough to run an operation without every reporter in town picking up your transmission on a Bearcat scanner and getting to the kidnapping dropsite before the police do. That was happening plenty of times. In 1984, when the Motorola radio came in, it was a black day for the press, because they knew they couldn't intercept our transmissions anymore and get onto what we were doing. So, we're in good shape now. Thank God we are where we are. It took us a long, long time to get here — a lot of money, a lot of cases that could have gone better than they did.

**Student:** It just sounds like you're relying on commercially developed products, because, as I recall, the Motorola MX radio series was strictly a commercially developed product with a government-endorsed CES chip in it.

**Fox:** We rekey it every month unless there's some reason to think it's been compromised; then we'll rekey it every day if we have to. The Motorola, by the way, is just for noncounterintelligence cases. For counterintelligence cases we use NSA radios which are a step above in security.

**Oettinger:** A story in this morning's *New York Times* is that STU-3 (secure telephone unit) phones are now made available to government contractors.

**Student:** Do you have a STU-3?

**Fox:** I have one at home, and one in my office. Our entire management staff in New York is 91 managers, and probably 20 of us have the STU-3s. That's a real breakthrough over the STU-2, where you sounded like Donald Duck when you talked on it — unintelligible.



**Oettinger:** Let me give you a slightly different direction. In regard to this whole range of activities that you've described to us, one of the tensions, one of the balances, that we see in the military is between operational security — the aspect of keeping things compartmented and quiet and so on so that you don't leak things to the wrong people — and the need for effectiveness in getting everybody involved, clued in, coordinated, and so on, which tends to work in the opposite direction of spreading more information around so people know what they're doing and increases the risk of the black hats having some idea as well. A number of the command and control failures that we've looked at both over this year and previous years had an element of excessive balance on the side of keeping things so compartmented and so secure that even the white hats didn't know what the hell they were supposed to do. So, over the whole range of operations that you've been describing, do you have any thoughts about where you set the balance, when, and when it's worked, and when it's screwed up?

**Fox:** You've put your finger right on the key question: What is the proper balance? That's exactly the frustration that you go through when you come up with a really hot operation. You know you can't let this stuff get out and yet you need the help of these people, and this group, and that squad, so you have to decide almost on a case-by-case basis.

**Oettinger:** Can you take us through some of the thought processes?

**Fox:** I'll give you one. When the Olympics were over in 1984, I was ready to ride into New York City on my white horse having successfully administered the Olympics, and two days before I was to leave I got a call from our headquarters. They gave me information indicating that one of our Los Angeles agents by the name of R.W. Miller, who was finally convicted of espionage — the only FBI agent ever convicted — may have been someplace he shouldn't have been and, indeed, that the Soviets may have some sort of a relationship with him that they shouldn't have had. But it wasn't clear cut. We began to thrust around and say, "Well, this could explain that; or maybe he lost these documents in a restaurant; but, that is a Soviet neighborhood after all." We were trying to rationalize it.

So I continued to make my preparations to leave, and then the day before I was to leave, a call came and it was no longer a question. They said, "Here are the facts." It was crystal clear that R.W. Miller was a Soviet agent. So the first thing I did was cancel my

travel plans. My boss, right after the Olympics, had gone to Hawaii for his vacation. I called him and said, "You'd better come home right now." He got home very quickly. We had to call the San Diego division boss in on it.

Basically, the three of us and two additional aides, who were technical people, who knew what we could and could not do with the equipment we had, had to sit down and decide how to work this thing. Bear in mind, R.W. Miller still had full access to the FBI office in Los Angeles, and anybody in an FBI office is going to have access to some pretty hot stuff, even the typist and janitor. Miller was a counterintelligence agent. The questions we were asking were, "What did he have access to that we don't know? What has he squirreled away at home preparing for this day when he was going to sell out to the Soviets? Whom can we get to help us on this?"

The decision was made that if we brought the large contingent of LA agents into it, primarily to do physical surveillance of Miller, that would become known just like that. Attitudes toward Miller would change, and treatment of him by the other agents would change, and that would alert him. So we called in the special operations group of the San Francisco office, got them down there, and they never came to the office. They reported to a motel, and the SAC and I met them there the first night and briefed them. Again, to get someone to pay attention you almost have to punch them in the nose and say, "You disclose this to anyone, in this office or in San Francisco or anywhere else, and you're dead." I think in this case, Miller was the worst case scenario for the FBI.

As soon as we told them what we had, especially the second piece of evidence, it became crystal clear that here was an FBI agent who had become a traitor. They realized the necessity. So they made a technical installation which I don't think I should detail; a very small group of technically trained agents did that. We started the surveillance using the San Francisco surveillance team, and in a relatively short period of time, within two weeks, we pretty much had our case made. We let it go another two weeks because we were able to put Miller into a job in the office where we knew he didn't have access to the real hot stuff and where we thought he could not do any damage to us without being noticed even if that was his intention. Then they finally took the case down with his arrest, and within six or eight months his conviction.



**Oettinger:** So, I read that one as a decision to hold it close, and it was very successful.

**Fox:** Very successful. We had to bring in a large amount of manpower but we chose not to use it from within the Los Angeles office. That balancing act is always the key thing you have to do in these. When we get a recruitment in place, for instance, what bigger secret can the FBI have than that this KGB officer is now ours? When we get that, we try to hold that in the office to the team that is working it ... and it takes a team of three or four to work a recruitment in place. There's a saying in intelligence, "The only thing worse than not having a recruitment in place is having one." Then you really are kept busy. You're looking over your shoulder making sure this guy is not compromised.

**Student:** What is the feeling among the other law enforcement agencies about giving information? Obviously you have to bring in the DEA on things. Are you reluctant to do that?

**Fox:** We're really happy to share anything, but again you have to balance it. Let's stick with the recruitment in place. If he brings out information that so and so at OSI (the Office of Special Investigations) had been coopted by the Soviets when he was serving in West Germany, so that this guy is a recruitment in OSI for the Soviets, we want to give that to OSI. But by giving it to them, they have to take steps against the employee, and does that then jeopardize our recruitment in place? There's a book out called *Wilderness of Mirrors*\*, and it details some of the frustrations and some of the things you have to weigh off and judge or balance before you give up some information.

Generally, we can give up the information and then we can create some diversion or cut-out so that it doesn't come right back to you as the source of the information. If it does come right back to you, we have to decide what's more important — telling OSI they've got a penetration, taking down this drug case, or keeping our recruitment in place as a bona fide recruitment in place, and usually that's what wins. The RIPs are so important, they're so few and far between, that we protect them at all cost.

**Student:** How reliable are these recruits as far as you're concerned?

**Fox:** Recruitments are just fascinating, as are defectors. The bottom line is, "What is the quality of information they're giving you?" If this guy is sup-

posed to be the head of the scientific and technical branch of the KGB, and he gives you the general, political stuff that you could guess or read about in the *Wall Street Journal*, or something, and just keeps giving you that kind of stuff, that's not a valid recruitment; his bona fides are gone. If he comes out and starts giving up agents and meet sites, and brings out espionage paraphernalia, their latest burst transmissions, track devices — that guy's bona fide.

Now at some point, what he brings out may stop and the quality of it may lessen for one of two reasons. He's searched his soul, and said to himself, "What have I gotten myself into, I'm betraying Russia. I'm going to have to ease out of this. I'll start feeding them junk." Or, his circumstances may actually have changed. He may be suspect, he may be cut off, he may not have access to the stuff anymore.

They have the same problem with our double agents. The bottom line is, "Is the double agent giving the KGB quality information?" And that's the frustration in a double agent case. We can walk you in. The first few times you can take in secret information that we're willing to give up, because we want to see, we want to learn something from them. But we can't keep sending you in with secret information; the feed material just won't hold out that long. As soon as the quality of your information trails off, they know that, and your bona fides are gone.

Defectors are slightly different because that's a very emotional thing. A recruitment in place can rationalize, "I'll do this for a while; when I go back to Moscow I'll become a Russian again." The defector has made the break; he's gone through a lot of stress.

**Student:** You were talking about the FBI going worldwide. I can see all sorts of problems from a command and control point of view. Have you all sat down and thought about what happens when you have the yacht in the Mediterranean, and who controls that team? Is it off by itself doing its own thing?

**Fox:** I had no direct contact with that. It was run from our headquarters EOC. In fact, that was such an important case that it was run by the number two man in the FBI, Buck Revell. Buck Revell himself went on the yacht and arrested Younis, but he sometimes muses about the tremendous amount of coordination that had to be done. He said agencies you wouldn't believe had an interest in this thing, but they needed to know, for our own safety, so it was done. I can't give you blow-by-blow descriptions because I wasn't part of it. We'll be seeing more of that I think. Hopefully, Younis was the first of many

\*David C. Martin, *Wilderness of Mirrors*, New York: Harper & Row, 1980.

international terrorists whom we will be able to apprehend, if not here, then in a friendly Western country.

**Oettinger:** One significant difference between all of these things and the military situation, at least in a low intensity conflict situation, is that all of the normal military, civilian, etc., etc. assets can be assumed to be working, can be planned for, etc., etc. You don't have the disruptive hot air conditions that happen, say on Grenada, or in a higher intensity operation. It seems to me that there is greater scope for planning and some hope of having it work out, although you keep pointing out that luck has a lot to do with it both one way and the other.

**Fox:** I say that half jokingly. Let me qualify my statement on luck. When luck comes, you'd better be prepared to take advantage of it, and that's through planning, training, and having your best men out in the field.

Again, talking about the interagency thing, we have a friendly competition with the PD. They always talk about the old days when it was a one-way street; the FBI would take everything but not give anything. When I first got here, Bob Johnston, who is the first deputy over there, was so proud of his car telephone (this is going back to 1984) and I hadn't gotten one yet. Whenever he could, he would flaunt it, and say, "Jim, give me your car phone number. I want to talk to you." I'd say, "I don't have a car phone yet." Finally, I got mine. So I waited till Bob was leaving police headquarters one night, and I got right behind him and I dialed him up on the car phone and I said, "Bob, it's Jim Fox." He said, "Where are you, Jim?" I said, "I'm right behind you in the car." He looks in the rear view mirror and says, "Hold on, Jim, my other phone's ringing." He's always one up on me.

**Oettinger:** One of the historical notes is that in the *New York Times* this morning, on the second or third page, somewhere, it said that the Soviets, after 33 years, have made public Khrushchev's speech to the 20th Party Congress, which was available in the United States within a week after that session of the 20th Party Congress.

**Student:** I wanted to ask a question about the Olympics. I'm from Barcelona and we're having the Olympics in 1992. Our officials in charge of coordinating Olympic security were visiting FBI headquarters and it was highly publicized in the newspapers. It was said that the FBI was very upset about the

high publicity that we have given to it. That's what the Spanish press said.

One of the problems of organizing the Olympics, and keeping security for the Olympics, in a country like Spain where we have lots of terrorist problems, is not only being convinced ourselves that we have proper security, but convincing all the participating countries. There are countries, especially the Israelis, that would always be very concerned whenever they come to a competition in Europe. They want to bring their own security and you have problems of coordinating all that. How did you face all that in LA? Did you allow the other security services in?

**Fox:** It never came to a case of having to say we allow or we disallow. I'm sure the Israelis, for instance, brought their own security people in with them. They were very discreet, they weren't brandishing firearms, and it never came to a case of the United States having to say, "You can't bring those Uzis to the Olympics." But, I suspect they were there, and that Israeli security was ready to defend their athletes if that became necessary.

US law enforcement had a tremendous presence, a massive presence, at the Los Angeles Olympics, primarily the LAPD. They were everywhere and as the athletes' buses came in, gates would open and close, and you could just see this had all been so well planned out in advance. Yet, when the games are over for the day and the athletes start walking the streets at night, that's when they're vulnerable, and nobody can keep them from doing that.

I've never seen security like the LA Olympics. To get into the Olympic Village, to get into the secure zone, they not only searched your car, they rolled mirrors on wheels underneath the car — the first time I'd ever seen that. They did it on all the athlete's buses. Every time the bus would go from an Olympic Village to an Olympic site, out came the mirrors on wheels.

So that really is not a direct answer to your question. It will be interesting to see how your government resolves that situation. I suspect the Israelis will be there and will have their own defenses even though the government of Spain will be providing a lot of protection.

**Student:** Probably you'll be there, too.

**Fox:** I think some of our people might be there.

**Student:** Could you comment on the FBI's relationships, above your level, with other agencies? There has been a lot written, of course, about the Hoover years where, as I remember, one story was that the CIA and the FBI were so much at odds over

personalities that large areas of Capitol Hill were almost open preserves for KGB agents to run around. Is that true?

**Fox:** Well, during the Hoover years we had some real tough relations with the Agency and I don't know what it went back to, and I don't know whose fault it was. We certainly bear our share of the fault for letting it deteriorate to that point. There were a few years there — the late 1960s, maybe around 1970 — where we had minimal contact with the Agency at a headquarters level. It's always better in the field, assuming you have the right personalities in place; even then, that was the case. But today, as they say, it's just great everywhere — headquarters and the field — with the Agency. Some agencies we just get along with better than with the others. I guess that's always going to be a fact of life.

Hoover certainly has a unique place in history, and I'm very proud of the organization he built up. Sometimes I wish he would have left the job a little bit sooner than he did. He died in 1972. What a year that was for us! We lost Hoover in May; in June there were the Watergate break-ins and everything that followed there; in September they passed legislation called "FOIA," the Freedom of Information Act, which became an enormous headache for the FBI. That means you could write in and get your FBI file. Then the fourth thing that happened, with possibly the longest-ranging ramifications, were the Munich Olympics, the terrorist incident there, which forced us into the terrorist area. Boom — just like that, we got into it with both feet, and we have been ever since. Before that we were just dabbling on the exterior of terrorist matters.

One quick story about Hoover. In many ways I think he was understood like the top boss in any giant corporation would be; you know, the CEO of IBM or whatever. Hoover, when he got memos, liked to have space along the margins where he could scribble his notes at the bottom. So he gets this one particular memo on the Communist Party, USA matters, and there's not much space for him to write. So down at the bottom he writes in his broad blue pen, "Watch the borders!" So they sent agents all over the United States to cover the Canadian and Mexican borders. Nobody would dare go back into him and ask, "What do you mean, boss? I don't understand this." They would just try to cover every possible contingency.

**Student:** Going back to the Olympics, you were talking about the Los Angeles Olympics and the hoaxes that you had to endure. A more recent case would be, for instance, after Pan Am flight 103, the

number of hoaxes that you must filter through about there being a bomb on a plane must have grown. How do you handle a hoax when it's something where you need to find out rapidly whether it has validity or not? What's your procedure for trying to mesh out the hoaxes from the real thing?

**Fox:** You know, actually the hoaxes that are just threats or offers of information — a threat that a bomb is at this location, or this guy was the bomber on the 103, you respond to almost as if they're real. Since it's a bomb threat, which we had so many of at the Olympics, you get a preliminary team out there to look at the situation, and if it's a funny-looking suitcase or a box, then they bring out the bomb squad. The bomb squad would probably be right behind them.

We must have had three of those a day during the Los Angeles Olympics. None of them turned out to be true. Then the last one came (you may remember this because it was pretty well publicized) the day after the Olympics ended; the athletes were starting to go home; and I was still in the EOC in the Los Angeles office. A call came in that they've discovered a bomb on a bus that is bringing the Israeli athletes to the airport. I can still remember this conversation; this one crusty old sergeant of the LAPD said, "What were the conditions; who found the bomb?" The caller said, "Well, a police officer found the bomb. It was taped to the wheel well, above the rear tire. He took it out and threw it out into an open field. It was later detonated by the bomb squad. So it was a real bomb." This old sergeant said, "It was taped to the wheel well?" He said, "Yeah, isn't it great this cop found it?" The sergeant said, "That cop is our suspect." The cop was the one who placed it there. The whole thing was fabricated. When they looked back on his record with the PD, he had fabricated many instances to make himself look like a hero.

One more quickie about Los Angeles. The day before the opening ceremonies, Peter Ueberroth came by and talked to my boss and me and said, "Where are you both going to be tomorrow?" my boss said, "We'll probably be in the EOC. He said, "I think I need one of you to be with me in the President's box." Well, you know who got to go there. He got to go there. I was in the EOC.

Much of this never came out, but as I reported the day of the opening ceremonies, we had another government agency whom some of us know well there helping us, and they were tracking a group that was communicating by two-way radio in Spanish. It certainly looked as though this group had been

following the Olympic torch for several hours the day before and, as I recall, the torch went into lock-up at noon on the 28th and that whole time we were still monitoring this group tracking the torch. We were wondering what in the heck for. The torch went in the lock-up, the radio transmissions stopped, the torch came out at 6:00 p.m., getting ready for the final opening ceremonies that evening, and this group started up again. They were talking about explosions and locations around the Los Angeles Coliseum where the opening ceremonies would be and positions in the Coliseum.

We had the Secret Service, NSA, LAPD, and the FBI in the EOC. Now it was getting close to the time when the President was going to arrive, and the Secret Service was saying, "Can you make a guesstimate? Is there a threat here? What is this group going to do?" We knew there was something funny

going on, we could still monitor them, but we didn't know exactly what they were up to. At one point, the Secret Service agent got an open line to the Secret Service agent with the President, who said he wanted to know if he should cancel. I said, "I'm FBI; I'm not going to make that decision. Here are the facts, you make the decision." He didn't cancel, of course.

I can remember being there in the Operations Center and the opening ceremonies were playing on the screen, but there was so much going on that a day later, when I watched the tape of it, it was like I was seeing it for the first time. Talk about a beehive, that Operations Center was just — wow! Two weeks later it was all over and everybody was happy and feeling good.

**Oettinger:** I want to thank you very, very much for what was obviously a very stimulating presentation.