25X1

(U) Throughout, Pelton had been unhappy with the amount of his KGB payments, and he tried to drop contact following each meeting. He initially demanded $400,000, but in the end settled for $35,000 spread over five years. For him, spying was not very lucrative.[30]

(U) Ronald Pelton was the first spy that NSA took to court. In pretrial negotiations NSA worked gingerly toward a plea bargain, which was how all previous espionage cases had been resolved. But Pelton's defense lawyer, Fred Warren Bennett (who had also defended John Walker earlier in the year; see page 420) advised Pelton to hang tough and go to trial. Bennett expected that the "confession," consisting of unrecorded admissions to two FBI agents in a hotel room, would be thrown out. Without it, the government didn't have a case.[31]

~~(TS//SI)~~ The trial was scheduled to begin on May 27, 1986. Preparations were lengthy and elaborate. The government had to establish the sensitivity and fragility of SIGINT, and had to reveal in open court SIGINT of value that Pelton had revealed to the Soviets. The Agency decided to put William Crowell, the chief of A Group, on the stand to tell the jury about SIGINT. The "SIGINT of value" would be the Ivy Bells project. The FBI had the map that Pelton had used to designate the undersea tap. Crowell would have to reveal to the jury that the Soviet Union was a SIGINT target (a first admission) and would have to produce the map showing the location that Pelton had designated to the Soviets. After the introductory course on SIGINT,the revelation of the project would be dramatic enough to convince them of the seriousness of Pelton's espionage. The Agency was determined, at all costs, to hold the line at that point – nothing further on Ivy Bells, nothing about the intercept systems used against the Soviet targets, and certainly nothing about the attack on Soviet cipher systems. It was a risky strategy that could easily have led to the revelation of more sensitive information in open



(U) William Crowell

court. The very idea of having someone as knowledgeable as Crowell testify in open court sparked controversy within NSA. The director, General Odom, issued a memo to all personnel explaining that the information revealed at trial would be a one-time affair and that classification guidelines would not be changed as a result.[32]

(U) The strategy worked. The judge allowed FBI agents to testify about Pelton's admissions in the hotel room, even though they did not amount to a signed confession. Crowell's testimony and cross-examination did not result in damaging revelations beyond those already agreed upon. In the end, the jury convicted Pelton on four of the six counts. Sentencing was left to the judge.[33]

(U//FOUO) The trial was followed by a long interval before sentencing, agreed to in order to debrief Pelton on what he had told the Soviets. The carrot was the sentence: if he cooperated, the government would ask for a lighter sentence. The debriefing was done in a PL 86-36/50 USC 3605 It lasted from July to December, and was excruciating. Without documents, it was a matter of dredging through Pelton's memory. At one point the interrogators employed a virtual hypnosis technique to get him to recall as much as possible. In the early stages, Pelton lied, but when confronted with the results of a polygraph showing deception, he eventually made a clean breast of things. NSA came away with information that it would never have thought to ask Pelton. One of the most jolting was the revelation that, before going to the Soviets, Pelton had tried to sell his wares to muckraking journalist Jack Anderson. Anderson took the information and published it, but never paid Pelton. Desperate for cash, Pelton then decided to contact the Soviets.

(U) At the sentencing, the FBI indicated that Pelton had cooperated. But it wasn't sufficient. An outraged judge gave him the maximum sentence on all counts – three consecutive life terms plus ten years.[34] He was remanded to Lewisburg Penitentiary in Pennsylvania.

~~(TS//SI-UMBRA)~~ Ronald Pelton was the most damaging cryptologic spy since William Weisband in the 1940s. He handed the Soviets everything he knew about the NSA attack 25X1

In his classified declaration prior to trial, General Odom said, "Disclosure...provides the Soviet Union with a virtual tutorial on U.S. signals intelligence capabilities 25X1 25X1 25X1 It was a devastating blow, far exceeding anything that other, more famous spies like Aldrich Ames later gave to the Soviets.

sensitive information with the U.S. government is very poor, a fact that Mr. Bradlee finds most disturbing." But Rindskopf assured the *Post* that NSA did not intend to use Ivy Bells at trial except in a very general sense, and Bradlee agreed to withhold publication, at least until he could examine the trial transcript to see how much information the government revealed. Odom remarked later about Bradlee that "I found his behavior in that situation beyond reproach." And so the immediate threat receded.[37]

(U) But the story "had legs," as journalists like to say. The next April, with trial about to begin, Woodward put together a story on the Ivy Bells operation that would run concurrent with the trial. Scheduled to run on May 4, its publication was once again delayed after William Casey called Bradlee to protest. On the tenth, Ronald Reagan called *Post* publisher Katharine Graham, urging that portions of the article be deleted in the interest of national security. But he added ominously that, if the *Post* did not police itself, the Department of Justice might initiate prosecution under Section 798 of the criminal statute.

(U) The issue remained secret until later in May, when NBC released a rather general story on Ivy Bells. Casey stated publicly that he was considering recommending prosecution of NBC under Section 798. But with the story already out, the *Post* decided the time was ripe for its own story. A newspaper that had published *The Pentagon Papers* and the Watergate story, both under threat of retaliation by the Nixon administration, was not likely to back down in this case, but Bradlee ultimately agreed to delete details of the story. He later said that fear of prosecution did not faze him, but national security did. "In my heart, I think the Russians already know what we kept out of the story. But I'm not absolutely sure of that." [38]

(U) Once again, Casey went to Justice with a request to prosecute and issued a public warning to news organizations not to publish "speculation" on sensitive national security issues. The warning related to material that was being revealed in the Pelton trial. But the DCI was out on his own limb. Justice Department lawyers were notoriously reluctant to prosecute news organizations in situations where first amendment rights could be at issue. In this case, they openly scoffed at the idea of prosecuting for "speculation." [39]

(U) The Pelton trial occurred at the tail end of military operations against Libya resulting from the La Belle Discoteque bombing. Government leaks in that case led to threats by Casey and NSA director Odom to prosecute news organizations that published the leaks (see page 359). It also led the Reagan administration to threaten to polygraph everyone with access to "sensitive intelligence" (read primarily SIGINT), a threat that was derailed when Secretary of State George Shultz threatened to resign if anyone from his department were confronted with a demand to be polygraphed.[40] Senator David Durenburger of the SSCI examined the issue from both sides and cast a pox on both houses. The Reagan administration had been a notedly leaky ship and had to tighten up if it were to have any credibility in the courtroom when prosecuting news organizations. But, on the other hand, news media seemed to have taken the wraps off. "...for whatever reason, there is a growing sense that there is nothing which is not fair game." [41]