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Prepared by: Gordon Lederman

Team Number: 2

Location: The Commission's K Street Office

Participants – non-Commission: Winston Wiley

Participants – Commission: Kevin Scheid (at the end), Lloyd Salvetti, Gordon Lederman

(U) BACKGROUND

(S) He retired from the Central Intelligence Agency (CIA) after three decades. His career centered on the CIA Directorate of Intelligence (DI), with a specific focus on "thugs and drugs."

[REDACTED]

O'Connell ran the DCI's

Counterterrorist Center (CTC) after Mr. Wiley.

(S) In late 1992, Mr. Wiley determined that he wanted to have more contact with the DO and was subsequently asked to be Deputy Chief of CTC (DC/CTC), which he did. Steve Richter had just become the Chief of CTC (C/CTC). CTC had always had a DO chief and a DI deputy chief. When he accepted the position of DC/CTC, people asked him why he agreed to lead a center that was focused on a "dead account." He began as DC/CTC on November 4, 1992. The Clinton Administration subsequently took office and reduced the focus on counterterrorism (CT), counternarcotics, and other areas. In October 1994, Mr. Richter was asked to take over the Near East Division of the DO, and Mr. Wiley became C/CTC; it was unprecedented for a DI person to head CTC. In July 1997, he became Assistant Deputy Director of Intelligence (ADDI), and he became Acting Deputy Director of Intelligence (DDI) in May 2000 and DDI in August 2000. In May 2002, he became Assistant DCI (ADCI) for Homeland Security, and he retired in May 2003. He currently is on the Advisory Panel of the National Imagery and Mapping Agency (NIMA). He works at Book Allen Hamilton and targets government agencies focused on homeland security, but ethics regulations forbid him from targeting the CIA, the Terrorist Threat Integration Center (TTIC), and other intelligence entities.

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~~TOP SECRET / HCS / NF~~(U) THE NATIONAL STRATEGY ON CT

(S) The national strategy for CT evolved during his time as DC/CTC and C/CTC and became bolder and more muscular. From November 1992 (when he started as DC/CTC) until the first World Trade Center bombing, the strategy was largely defensive, with an offensive component that was exercised but rarely used.

(S) The strategy was managed at the working level by the Counterterrorism Support Group chaired for the most part by Dick Clarke (but for a time by Ted McNamara). It was a small, focused, pretty effective group. Clarke pushed for an increasingly robust, muscular approach.

(S) The January 25, 1993 Kansi shooting did not impact the government's or CIA's perception of the threat, as the perpetrator was quickly identified. The Dept. of Justice (DOJ) resisted classifying the attack as a terrorist attack because DOJ argued there was no political motive. CTC took over management of the intelligence regarding the pursuit of Kansi.

(S) After the first World Trade Center bombing and the subsequent failed attacks against the New York City tunnels and landmarks, there was a waning of terrorist attacks against Americans around the world (as recorded by the annual State Dept. survey of terrorism). The FBI thought that the first World Trade Center bombing was an aberration. After the Oklahoma City bombing, Congress passed antiterrorism legislation, and Dick Clarke initiated an effort to determine whether the Presidential Decision Directives concerning terrorism were sufficient. Resources began flowing to counterterrorism after the Egyptian air crash, OPM/SANG, and Khobar Towers.

(S) Law enforcement was not the core of the strategy. The national strategy was defensive, and the motto of CTC was "preempt, disrupt, defeat" – the slogan for the government as a whole basically was "preempt and disrupt."

(U) In essence, we need to play offense and defense simultaneously, and the key is to keep the puck at the other end of the rink to order to keep pressure off our goalie.

(U) THE DCI'S COUNTERTERRORIST CENTER

(S) When he arrived at CTC, CTC hit an all-time low in terms of people – it had [redacted] people out of its authorized strength [redacted] and it had only [redacted]

(S) His organizing scheme for managing CTC was built around the priority list of targets (he did not say so specifically, but apparently prepared by the IICT). The priority list had tiers based on an organization's level of activity and level of threat to the U.S. CTC had a good-sized effort against Hizballah but also was looking at Sunnis as well. [redacted]

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(S) CTC began to see the phenomenon surrounding funding of terrorism. He did not believe and still does not believe that stopping terrorist funding is critical. Terrorism is too low-budget and does not require a lot of money. UBL was a venture capitalist for terrorism, and people would approach him with ideas for terrorist attacks, and he would review the plans and either agree to fund or insist that more work be done on the plans.

[REDACTED]
 [REDACTED] From 1994-6, there were a lot of lines that brought one back to the UBL network. UBL's organization was a network, not organized hierarchically [REDACTED]
 [REDACTED]

(S) Regarding UBL's transition in CTC's view from financier to terrorist ringleader, the more Mike Scheuer, head of ALEC Station, dug into UBL, the more it became clear that UBL was a ringleader – particularly when UBL was in Sudan. The transition may have started when the Bojinka plot unraveled. As a practical matter, UBL's transition in CTC's view from financier to terrorist ringleader did not make much difference. However, that transition probably was completed at the time that Mr. Wiley left CTC.

(S) ALEC Station was created out of the need to spend more time focusing on UBL and his people. The creation of ALEC Station also was designed to respond to "political pressure" to attack terrorist finance. [REDACTED]
 [REDACTED]

[REDACTED] CTC agreed to do so. In hindsight, though, it was a bad idea because having a station inside CIA headquarters causes more mischief than good – as described below.

(S) Scheuer purposely kept ALEC Station from being an analytic effort and instead made it a collection and operational entity. ALEC Station was hugely successful in a short period of time due to its ability to bring in people from other agencies such as the National Security Agency (NSA), the Defense Intelligence Agency (DIA), and the Customs Service. CTC went from having a single file on UBL to having shelves [REDACTED]
 [REDACTED]

(U) CTC AND THE REST OF CIA

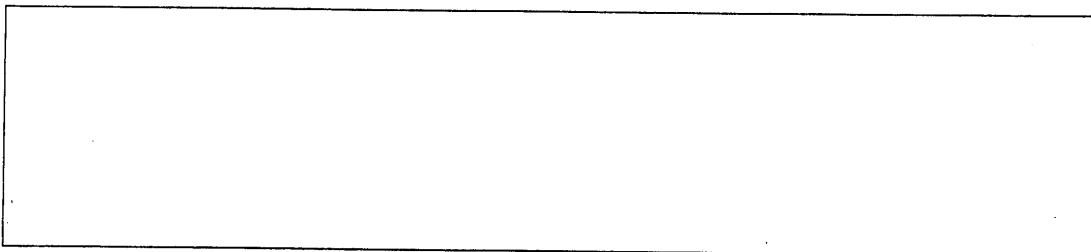
(S) CTC is located in the DO. The power of CTC was to be a force multiplier through the stations and regional divisions. Stations performed CTC missions with varying enthusiasm and success. "CTC has never been a terribly popular organization in the DO." Mr. Richter taught Mr. Wiley that you needed to balance the DO's regional divisions' interests with CTC's interests. [REDACTED]
 [REDACTED]

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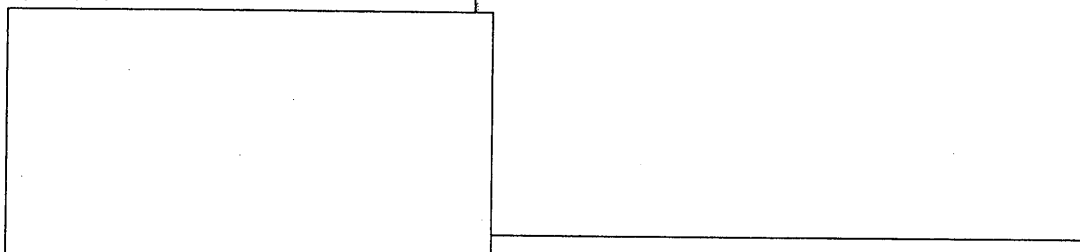
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[redacted] ALEC Station would act as a headquarters unit when it was in ALEC Station's interest and would act as a separate station when it was in ALEC Station's interest.



(S) When Ted Price was Deputy Director of Operations (DDO), he took the bold step (Mr. Richter said sarcastically) of realigning resources out of the area divisions and into CTC, maybe a net [redacted] people for CTC. This move signaled a shift away from the area divisions and toward CTC.

(S) When Mr. Richter left CTC and Mr. Wiley became C/CTC, Dave Cohen of the DI became the DDO. This meant that there were DI officers in two senior positions in the DO. Mr. Wiley recognized that as a DI person he was at a disadvantage in the "day-to-day juggle" over resources with the area divisions. He affected the priorities of some stations due to his control over funds.



(S) CTC had a dual chain of command: As Mr. Richter said, CTC is jointly and simultaneously responsible for the DDO for operations and the DDI for production of finished intelligence. He always understood who his boss was at any single moment. His deputies understood and functioned well under this dual chain of command. And Mr. Wiley stated specifically that the C/CTC was responsible for the quality of analysis produced by CTC.

(S) However, CTC's dual chain of command led to funding problems. The DI had little money, and the DI budget in 1997 was [redacted]. The DO refused to fund any CTC activities that were DI in nature. Yet the DI said that it did not have the money to fund CTC. The DI component of CTC cost [redacted] yet the DI said it could not pay. Issues surrounding "the color of money" were made way too complicated.

(U) THE CHIEF OF CTC AS ADVISOR TO THE DCI

(S) The role of C/CTC as the special assistant to the DCI for counterterrorism is a very important role. Playing the role of special assistant to the DCI did not take up a lot of

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Mr. Wiley's time but was key for giving him access to senior leaders and the ability to exercise power. Mr. Wiley's successors have not played this role very effectively. Cofer Black, Geoff O'Connell [redacted] see themselves as head of a DO function onto which a DI function has been grafted. The relative failure of his successors to exercise this function led to a bedrock feeling in the IC that TTIC should not be part of CIA, and TTIC eventually took the community-components of CTC. TTIC should have been part of CTC, but CTC had morphed into a CIA/DO-only organization.

(S) When Mr. Wiley left CTC, it had [redacted] CTC never had more than [redacted] DI officers among [redacted] people, and [redacted] of them were producers of analytic products. Yet Mr. Wiley rejected the notion that CTC's analysts were only doing operational support. He said that a big chunk of the strategic analysis in CTC was to look at different groups, their modus operandi, their tactics and strategies, etc. CTC's analysis focused on groups, not events. CTC's analysis was "ok."

(U) CTC AND ANALYSIS

(S) CTC did not focus on the question of "why are bad people bad," and CIA as a whole could only have done just a little more on this question. This question is an intellectual question more than a practical, day-to-day question. There was a National Intelligence Estimate on terrorism in 1996. Aside from that, there was no longer piece on the larger question of why people become terrorists. CTC did two papers on the subject and maybe could have done two more – but CTC did not have a comparative advantage in terms of research on this larger issue. CTC's comparative advantage was to focus on terrorist groups, leadership, structure, tactics, and behavior.

(S) He admits that CTC did not do alternative analysis and that in hindsight it would have been more useful. However, he termed alternative analysis and red cells as like salsa – they are fine as condiments but no substitute for the main course itself.

(S) There was no document that set forth a strategy for analysis and collection. It may have been useful to have such a document. Yet the world's most knowledgeable people on al Qa'ida were already working on the issue – it would not have been useful to pull one of them away from day-to-day responsibilities to write a report. ALEC Station was more intimately connected with other collectors and with DIA. There was constant give-and-take about what should be done.

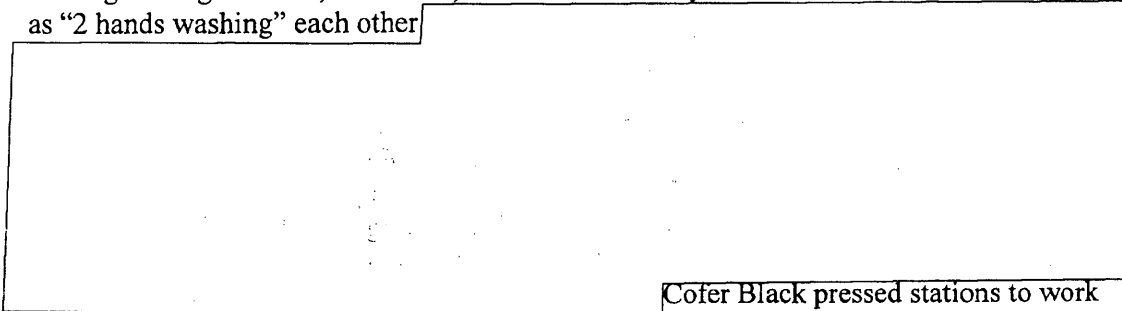
(U) CTC AND OPERATIONS

(S) The strategy for going after al Qa'ida is not very different from going after a target in a country. You need to understand the leadership, what the vulnerabilities to attack are, etc. [redacted]

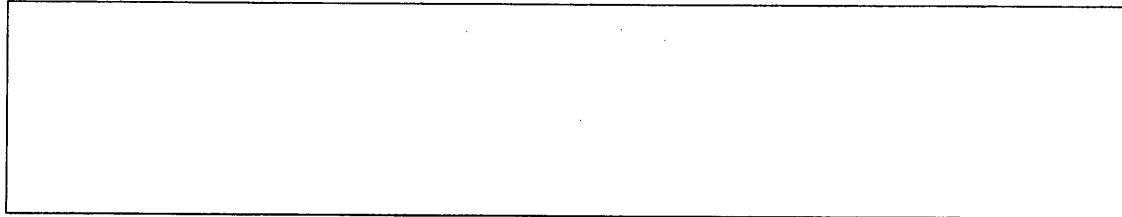
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(S) The inner circle as the first target is always too hard. Yet any human organization is susceptible to attack. Yet al Qa'ida is a hard target because it is a small, kinship organization. Yet they live in a context. Yet they are a very difficult target.

(TS/HCS/NF) ALEC Station became particularly good at multi-INT work – going after the target using SIGINT, HUMINT, IMINT. Mr. Wiley described the collection strategy as “2 hands washing” each other



Cofer Black pressed stations to work on the al Qa'ida target even though it is very difficult.



(S) How much collection is enough? It is never enough if your objective is to try to prevent a future attack. The answer to CT is to do lots of things with vigor and imagination – there are no point solutions.

(U) WARNING

(S) The threat is not just al Qa'ida and Hizballah but small groups of individuals who can exploit our open society and dependence upon interdependent critical infrastructure. He disagrees with the notion of a war on terrorism because war is the wrong metaphor – it implies that there will be a decisive battle and final victory.

(S) When you have specific warning of an attack, it is not even an interesting case – the information gets shared quickly, and the plot is wrapped up. He knows of no circumstances in which information about a specific attack was not shared. The problem comes when you do not have specific warning of an attack.

(S) Counterterrorism is the policy arena in which policymakers have the most contact with the IC. He would go to Dick Clarke's office on a very frequent basis.

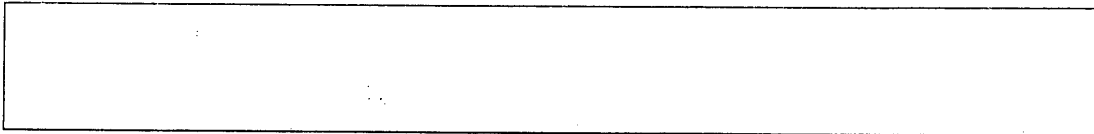
(S) In reality, because of the world we live in and what the U.S. is, the U.S. is at risk. How much warning is needed to tell the U.S. that there are people out there who are willing to kill themselves in order to kill Americans? DCI Tenet repeatedly said that al

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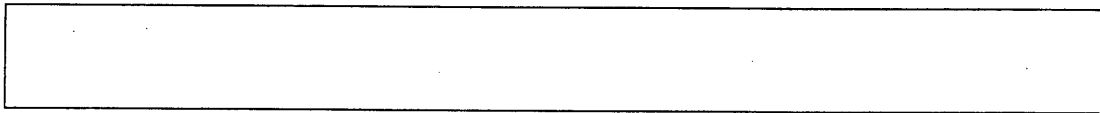
Qa'ida wanted to strike us, and the threat of al Qa'ida was always his lead topic when talking about threats against us.

(S) Before 911, the burden of proof was too high for the IC to produce intelligence that would have led to increased airline security despite the immense cost of such security.

(S) We have a bad situation now – we regularly overhype the current threat while underestimating the seriousness of the strategic threat. We do this a nation and culture. He cited an article in the Washington Post after DCI Tenet made a speech about post911 threats, nothing happened for 2 weeks, and then the Moroccan synagogue was bombed. The article stated that after Tenet's warning, the threat lessened, and then it returned. But in reality, the threat itself never lessened – rather our perception of it changed.



(S/HCS/NF) Asked whether the IC told policymakers that the IC could not deliver time-place-location, he said that he had no conversation with Dick Clarke about this issue explicitly but that Dick Clarke was “no dummy.” It is right for the U.S. to demand that the IC and law enforcement find time-place-location, but it is unreasonable to expect that the IC and law enforcement can deliver it.



(S) The primary incentive for terrorists to attack us is that we flagellate ourselves. We engage in self-destructive paroxysms after every attack.

(S) The NIO/Warning is a “joke” and issues information three days late. Warning is the job of everyone. The NIO/Warning exists because the IC wants to be able to say that it has one.

(S) What can be expected from the IC regarding warning? You can expect rigorous collection, the highest degree of networking among collectors and analysts, and delivery of action information to senior officials to help them mitigate the dangers. There need to be processes and procedures, but you cannot guarantee that there are no vulnerabilities. Of course, if you get better collection, you can get more narrow information.

(S) As you go from vague information to more specific information, it is not a linear progression. Rather, at some point everything comes together. There may not be a middle ground – you either have the specific information or you don't. He asked whether there are other analytic disciplines where your information comes in steps rather than linear progression.

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(S) It is not just an issue of sharing information. Even if you got all the information in one place, leaving aside privacy and source concerns, it still would not do any good.

(S) 911 drives home that the distinction between domestic and foreign intelligence is meaningless.

(U) THE DIRECTORATE OF INTELLIGENCE

(U) THE STATE OF THE DIRECTORATE OF INTELLIGENCE

(S) When he arrived at the DI, he had been out of the DI for 5 years. DDI John Gannon had had a stormy final year and did some good things but in the wrong way. There was disaffection and malaise at the senior level. The DI had gone through reinvention in its Tradecraft 2000 program. The focus was on analytic quality and work for the customer. Tenet showed quickly that he was the biggest friend of the DI since DCI Helms - DI Tenet was the first DCI to say in the same breath that the CIA's mission was both "operations and analysis." The power of that phrase could not be underestimated.

(S) When he arrived at the DI, the DI was [redacted] under its authorized strength. The CIA had dismantled its hiring process, and there were other reasons why the DI was understrength. As ADDI, he beat on office directors on recruiting and change processes. The summer of 1997 was the inflection point in the growth curve - the DI started to gain people after that. More people were hired from the summer of 1997 to 1998 than in previous years. He really emphasized recruiting.

(S) The next time that the CIA downsizes, it needs to be done by an outside body. The DI did it internally. The USSR office in the DI was decreased, and resources were added to global coverage accounts, nonproliferation, and counternarcotics.

(U) THE QUALITY OF ANALYSIS

(S) There is more analysis and depth in the PDB than there existed beforehand. [redacted]

[redacted]

The DI now attempts to prepare the DCI with what the IC has a whole has to offer.

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(S) The DI has a hierarchy of customers and a hierarchy of service. The President is the number-one client. The Undersecretaries get personalized service. Other customers receive electronic dissemination but are not really treated as clients.

(S) He disagrees vociferously that the DI is no longer in the analysis business and merely does reporting. He said that we should look at the product of the DI. The test is whether senior officials invite DI briefers back – and they do. He posited that even if the DI only took raw material, stapled it together and put on a cover sheet, the DI would be performing a valuable service.

(S) Counterterrorism analysis does not require a different analytic tradecraft. However, analysts who do counterterrorism analysis tend to know more about collection tools given that they are more closely linked with collectors. There was no omnibus document of what we when and what we did not know about al Qa'ida. The knowledge existed in a "corporate sense" among analysts and clients.

(U) THE RELATIONSHIP OF ANALYSIS TO COLLECTION

(S) Analysis never drives collection on a macro level. Depending upon the strengths of their personal relationships, some analysts may be able to drive collection on a day-to-day, tactical level. However, analysis has no role and should have a much larger role in the allocation of major collection systems (such as the percentage of the budget spent on any particular INT). If analysts could drive collection, they would want less money spent on technical collection and more on HUMINT. The ADCIs should ensure that analysis drives collection and try to do so, but the structure of the IC is very collection-centric. Technical collection is much more expensive than opening stations. He has yet to see a major decision on collection where analysts had significant input.

(S) Regarding the Red Cell, the DI had always done some work on alternative analysis – [redacted] The Red Cell had some "successes" – by which he meant that they wrote things that caught the eye and imagination of readers. O5s and O6s particularly liked the Red Cell's products. The Red Cell "probably should have" been done before 9/11.

(S) There is a disproportion between DoD and CIA on resources. [redacted]

(U) MANAGERIAL TOOLS

(S) The only resource worth managing in the DI is people: as a practical matter, there is nonpersonal service budget except for travel and training and contracts for technical matter such as research [redacted] The allocation of people is managed across a range of jobs and targets. There is no billable-hours mechanism so that the DI can ascertain how much time analysts are spending on various matters.

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(S) Toward the end of his time as DDI, he engaged in an exercise called the "perfect pie allocation." It was not a titanium scalpel but not a blunt instrument either for allocating DI personnel.

As to why post-9/11 changes in the DI were not done pre-9/11, counterterrorism was already very large, and the DI was continuing to add people incrementally given that there were demands for coverage of other issues. There was no strategy for pouring people into the CTC after 9/11. Instead, pouring people into CTC reflected the fact that the world had changed and there needed to be an enormous surge, and also that tactically he did not want it to be said that the DI had not sent enough people – if anything, he wanted people to be turned back to the DI.

(U) WATCHLISTING

(S) It is really only a post-9/11 phenomenon that there is a focus on watchlisting as a separate endeavor. CTC had FAA, INS, and other agency representatives from CTC's genesis so that there would be an easier flow of information. During his time at CTC, CTC felt no affirmative responsibility for updating and revising the watchlist. Rather, CTC disseminated information to the agencies responsible for deciding whether someone should go onto the watchlist. Of course, the concept of a watchlist is a natural concept for CIA

(S) CIA is a more passive participant in the watchlist. The issue of whether CIA should have shared more information with the watchlist pre-9/11 is something that could be debated "all day." CIA's failure to watchlist Mihdhar was a "screw-up." CIA is an intelligence organization – it is not CIA's responsibility to keep a list of who cannot enter the U.S. There is a separation between intelligence officers and the decisionmakers regarding who can enter the U.S. Once information is disseminated by the IC, it is not the IC's role to put the names on the watchlist. Mr. Lederman noted that the question is whether the IC fully disseminated the information it had of relevance to watchlisting.

(S) At what point should the IC have gotten concerned about how watchlisting was being done even though the IC perhaps had no responsibility for how watchlisting was done? The context is important: there is a distinction between intelligence officers and policymakers – there is a handoff of intelligence to the policymakers. The IC takes pride in getting distance from policymakers. Analysis produced by the DI sometimes is used by both sides in debates by policymakers.

(S) 9/11 showed that certain distinctions in the IC and USG were artificial – but pre9/11 these were real distinctions and had been established for reasons.

(U) ASSISTANT DCI FOR HOMELAND SECURITY (ADCI/HS)

(S) DCI Tenet turned the system on its head by creating the position of ADCI/HS to "badger" the Nuclear Regulatory Commission and other agencies to see if they had acted upon information sent to them by the IC. The ADCI/HS was supposed to make sure that

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the IC was producing intelligence for homeland-security customers and also that the homeland-security customers were doing something with the information. Today, CTC assumes reflexively that no one in the USG is doing their job, and CTC tries to do it for them.

(U) The IC used to take the position that if policymakers had a bad policy, that was policymakers' problem and the IC just delivered the information. Today, the IC feels like it will be blamed anyway if there is a bad policy, so the IC should see if the agencies had adopted good policies.

(U) THE TERRORIST THREAT INTEGRATION CENTER (TTIC)

(S) C/TTIC took on the ADCI/HS's role, but C/TTIC has not exercised that role very much. There is no way that there could be an ADCI/HS, a C/TTIC, and a C/CTC. The "bank-shot" that the originators of TTIC were trying to make is that they needed a place where all foreign intelligence collected domestically or abroad and all criminal information could come together in similar place while not interfering with the good that came from integrating analysts into the FBI and DO operations. In a perfect world, this would have been CTC, but CTC was seen as a fully captured by CIA. TTIC's originators wanted to have TTIC report to the DCI, and some thought of having TTIC report through the ADCIs. The biggest problem for TTIC is that the Dept. of Homeland Security has not defined what its IAIP should do. TTIC was not created to eviscerate the IAIP. C/TTIC should be the locus for warning and the "bulls-eye is painted on him" for warning.

(S) Mr. Salvetti noted that Mr. Brennan has argued that he lacks the money and the people to do warning. Mr. Wiley noted that that point of TTIC was that it would be a joint-venture of the organizations that created it, and that TTIC is only as good as the people and the money that its parent organizations were supposed to send to it. CIA has really resisted the established of TTIC. CTC is TTIC's hardest obstacle. The question is what analysis should be done in the TTIC and what in the CTC. Strategic and tactical analysis should be done in TTIC while CTC should have DI analysts to support operations – a division of labor that somewhat mirrors the distinction between offense and defense. Give CTC the offense mission, while TTIC has the defensive mission. CTC and TTIC must work seamlessly together. We squandered the opportunity to have everything be in CTC because CTC became seen as a pure CIA operation.

(U) ACCOUNTABILITY

(U) The IC cannot just say "we did the best we could," but we have to get ourselves out of having a national paroxysm after every attack.

(U) The resource issue played out in a nasty way. C/CTC would be asked during a Congressional hearing whether he needed more money, and everyone knew that Congress was laying a trap for him because if he asked for more money, he would be fired, but if he did not ask for more money then Congress could disclaim any accountability if there was an attack. A whole lot of people conspired to deprive CTC of resources. CTC was

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doing the best it could with what it had. Others bear responsibility for CTC's deprivation of resources.

(S) Mr. Scheid noted that the DCI and the Secretary of Defense struck a deal when Weinberger was Secretary of Defense that the IC's budget would be included in the DoD budget. Mr. Wiley said that it is fair to say that the Community Management Staff never had the tools to know where the money was going. Mr. Wiley described an exercise under DCI Deutch to ascertain where counterterrorism money was going. Mr. Wiley was shocked to find out that there was [redacted] being spent on CT while CTC's budget was only [redacted]. There were all sorts of definitions used throughout CIA, with no conformity. The management above him was a "sham exercise." "The system is not set up to let a pretty senior official speak the truth." Mr. Scheid noted that Mr. Wiley looked at the [redacted] figure and was shocked, while CMS and OMB would look at that figure and ask, how could CIA need any more money for CT?

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