



68965



UNITED STATES DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D.C. 20535

REMARKS

BY

WILLIAM H. WEBSTER

DIRECTOR

FEDERAL BUREAU OF INVESTIGATION

BEFORE THE

ROTARY CLUB OF CHICAGO

CHICAGO, ILLINOIS

SEPTEMBER 12, 1978

NCJRS  
JUN 13 1980  
ACQUISITIONS

I'm really pleased to be with you today, and maybe I can share a special treat that was handed to me as I left my office last night--a letter from my own Club 11 advising that I have been made an honorary life member of that club.

I've enjoyed my years in Rotary. They mean a great deal to me. I'm sure they've influenced a lot of my own thinking about people, about communities and about public service. Judge Learned Hand, for whom those of us of the bench have great admiration, once wrote a speech about the spirit of liberty in which he said that the spirit of liberty would not be found in law and statutes, but the spirit of liberty rests in the hearts of the citizens, and when it was there, no laws could change it, and when it wasn't there no laws could provide it.

To me the work that is done in each community by Rotarians, and people like Rotarians, is the strength that comes upward from communities and is the strength that provides liberty in this country. It is not something that can be laid on at the top either by a President or by law enforcement agencies or by any other human device. It comes from the community.

And so when I had an opportunity to address Club Number One, and after getting my arm bent just a little bit by my old friend Wilbur Pell, you can be sure that I jumped at the chance to come here and speak to you. This is my first

appearance before a civic group such as Rotary One, and I'm very pleased to have that chance.

I had a little bit of a surprise when I looked at the program and discovered that last week Superintendent O'Grady talked to you about white-collar crime. I wonder if you know what I am going to talk to you about today? But then, now that there are so many experts in the audience, maybe I can give you an advanced symposium on some of the Federal aspects of white-collar crime and maybe broaden my talk a little bit to include some of our other priority programs.

This is a new age really for the Federal Bureau of Investigation. We're reprogramming and redirecting our resources to try to reach those areas which have the greatest impact upon our society and which local law enforcement cannot provide for in the way of services, or provide as well as we can. By working with and coordinating our efforts with local law enforcement, we can best do the job. That's why I'm so happy to see so many of our own people here, and to give you a chance to meet John Otto; you know Dick Held, of course; you may not know that Wilbur Pell was a former Agent. In fact, I have met so many ex-Agents here today that I hope that the classification committee will consider a special classification for ex-Agents.

The redirecting of our priorities, with the help of the Department of Justice and the Attorney General, began a few years ago. Since I've only been on board six months, although it seems like six light years to me, I don't claim to be the author of the redirection, but I wholeheartedly support the

change in emphasis. The three major priorities to which we direct our primary attention are white-collar crime, organized crime and foreign counterintelligence.

In the category of white-collar crime we include what is commonly known today as public corruption. We also have other responsibilities to which we are fully committed, but they are assigned lesser priorities--the general crime, the personal property crime and fugitives. We still have an important commitment in the bank robbery area but the extent of that commitment is subject to an ongoing debate in the Congress. Our ability to respond in this area depends entirely upon our receiving the resources with which to do the job.

There has been no noticeable increase in our budget; there is not likely to be one in view of the present constraints in an effort to balance the budget. We therefore turn, in connection with things such as bank robbery, to an examination of the capacity or the capability of local law enforcement to deal with it. Where that capacity exists, it requires less of our resources. Where it does not exist we must continue to supply that service to our citizenry and we will do so. Where there is an adequate or strong base of support in local law enforcement we will still be there, but we will have a different measure of response.

As businessmen and professional men, I think you'd be interested to know that we have developed one of the most modern techniques for measuring the application of our resources. It's called RMIS, Resource Management Information System, and it's being considered for possible adoption in the Department of Justice and other agencies.

Within each of our priorities we are upgrading our efforts and concentrating on certain types of cases. In white-collar crime; for instance, embezzlement of less than \$1,500-- is not a major offense, and there is concurrent jurisdiction with local law enforcement. Here our response would not equal that which we give to a major fraud against the Government, such as the type you're reading about today. That is a matter of immediate and intense concern to us and we direct our resources primarily at this higher category. By being able to measure these responses through an on-line basis, we can demonstrate to ourselves, to our field offices and to the Congress that we are doing what we said we should do in terms of reprogramming to meet the highest levels of priority. This is very important today when our budget is looked at with great scrutiny.

When Mr. Hoover was the Director of the FBI he went to the Hill twenty-one times. Nineteen times he got exactly what he asked for. Twice he got more than he asked for. The old tale was that a Congressman would say: "But Mr. Hoover, is that all you want?" We don't have that

luxury anymore; we are on a line item basis. Every program in our budget must be defended, and justified before the Congress, and I'm willing to do this. With the help of RMIS, however, we are better able to demonstrate exactly what we're doing. The age of rhetoric is past. Today, we present a solid drapery of accomplishments and needs, an accurate measurement of threats and an accurate proposal of what is necessary to meet those threats. I'm all for that.

You were told last week, I know by reading your newsletter, that white-collar crime by definition is not a specific crime in itself; it's a category of crime--the non-physical illegal acts that primarily utilize concealment or deceit as a means of stealing money from people. This impacts upon business and, in turn, impacts upon the public which pays the higher cost of services because of the rip-offs that occur to business, businessmen, and professional men. Our major categories are fraud against the Government, public corruption, and major bank embezzlements over \$100,000. We also investigate others, of course, but these are the areas in which we direct our primary resources. This is difficult, exacting work. It requires sometimes months and occasionally years to follow the audit trails of major white-collar fraud until we reach the top.

The FBI is no longer interested in simply picking away at the threshold of these cases. We're digging in and, utilizing every available technique, including computer analysis, informant information, and undercover Agents. The utilization of

undercover Agents is a fairly new development in the FBI, although it's not new in law enforcement generally. We used to rely substantially upon informant information and forensic evidence, but we now have a large cadre of volunteer Special Agents acting in undercover capacities. We direct them against organized crime and against major white-collar crime efforts, and occasionally when we are able to do so effectively, we direct them against underground terrorist organizations.

One case that I can mention which illustrates the type of combined investigative efforts that we're presently using is an operation which we called COPTAPE. The tapes that are so popular among children and adults, the cassettes and soundtrack tapes, have become the subject of huge copyright thefts. The pirating of tapes, the surreptitious manufacturing of these tapes, has become a major industry. Prints of "Star Wars" were selling not long ago for less than fifty dollars. You can see the impact that would have on a legitimate enterprise.

We started our investigation by putting undercover Agents in the street, to deal with the retailers and through them to identify the distributors, and finally through them, the manufacturers. We used five undercover Special Agents--some of our minority Special Agents. Seven of our field offices were involved in this effort. The results were six high-level convictions in the emerging illegal industry.

I mentioned earlier our concern with public corruption. Federal statutes permit us to investigate acts of public



officials who are involved in white-collar crimes which fall within our statutory jurisdiction. However, we're very careful, I can assure you, to respect the interests and the reputations of legitimate public officials. That's a very sensitive thing, and just to have it known that a public official is under any kind of investigation may jeopardize his reputation. We do not start such an investigation unless there is solid evidence that something is wrong, that public corruption is present. I recognize this responsibility and so do our Special Agents.

We currently have over 500 such cases under investigation throughout the country. Involved are congressmen, governors, state legislators, mayors and chiefs of police. We're pursuing those with care, but aggressively, and I think in this way we serve an important function for the American people. Wherever we have public corruption we have erosion of confidence in the Government that leads us whether it's state, Federal or local. And so we do this job, and we are, perhaps, the ones in a position to do it because none of us owes our election, or our retention in office to any given public official.

There's a new act that is pending in Congress at the present time called the Federal Computer System Protection Act. It's very broad in scope, and it would give Federal jurisdiction to almost any crime of fraud which involved the use of a computer. I have testified before Congress, and I have given my support to this type of legislation, with the understanding that we would use it as a basis for taking jurisdiction in major cases

of white-collar crime where a computer was involved. We would welcome the opportunity to take the jurisdiction; we would not expect to be the national monitor of every case of fraud that involved a computer, but just like the Mail Fraud statutes, and the RICO statutes that we use in organized crime, it would provide us a firm and solid basis for jurisdiction in reaching these major cases.

Since there are so many white-collar crime experts here today let me move quickly to the area of organized crime. Organized crime generally is characterized by the exercise of fear or coercion. You find a good deal of this in connection with some of the corruption of union activities. The biggest single case that I can point to at the present time is the one on the east coast in which there were indictments involving the Longshoreman's Union. We call it our UNIRAC investigation. Over 100 Federal Special Agents were involved in that investigation for over a year. There are going to be more such indictments out of the same case. We hope before we're through that we will have cleaned up the relationships of warehousemen, shippers and union officials engaging in corrupt practices in connection with the Longshoreman's Union. This is a major commitment and you've only seen the tip of the iceberg.

In foreign counterintelligence, our third major category, we have, in this country, the sole responsibility for detecting and neutralizing hostile intelligence efforts in the United States. Many people think the CIA has this responsibility, even some of the people in Congress when we're debating such

things as whether or not we ought to be in Civil Service, are surprised to find out the FBI has this responsibility. We dedicate a major part of our effort to recognizing, identifying, surveilling, and neutralizing a substantial body of hostile intelligence efforts in this country.

As a country which has an open-society practice, we've been very willing in the past to admit many, many people who, if the shoe were on the other foot, would not be admitted to their own country. Some are engaged in intelligence activities. I'm not just speaking about diplomats who come over and operate under the protection of diplomatic immunity, and when discovered are declared persona non grata and evicted, from this country. I'm talking also about some of the students who come over and some of the seamen. We had 20,000 seamen from Soviet Russia alone last year. On every ship there is an intelligence officer, and others engaged in carrying out intelligence activities.

There's a massive effort among Communist-bloc countries operating in this country to steal business technology. The effort is not confined to gathering intelligence about our defense capabilities, about our weapons, but it extends into the private sector, and you should be aware of this. Just as we have encouraged you in the past in white-collar crime to tighten your internal controls, we urge you for the same reason to tighten your internal controls with respect to your own technological secrets. There's no reason why we can't all work together to keep those who are hostile to our country and our way of life, from getting a free leg up by having our secrets, and the work

of our labor made available, simply because they are able to steal it.

We can't prosecute them all. You won't see our performance rate measured in terms of prosecutions although there have been two important prosecutions on the east coast recently. One resulted in convictions in Alexandria, Virginia, in connection with an Asian country, and one is pending in Newark now, involving two Soviets who are going to stand trial. We are able, from time to time, to persuade the Government that it's time to prosecute an illegal, as we call it, one who's not protected by diplomatic immunity. On the other hand, most of these cases resolve themselves by our being able to identify them and form a basis for having them kicked out of the country. We keep track of them as best we can with limited resources. We dissemble information to them--it's called disinformation. We try to keep them busy, occupied and confused within the limits of our capabilities. Whenever we're successful in developing a clear case for prosecution, we do our best to persuade the Government that it is time to prosecute and time to send a signal to the communist-bloc countries that we will not permit open season on this country in terms of intelligence gathering.

About two weeks ago I was passing through Chicago on the way to Minnesota, and I was pleased to see the very positive press coverage that accompanied the successful efforts of the Chicago Office to deal with an act of terrorism by Croatians against the West German Consulate there. The use--the intelligent use--of hostage negotiators trained at Quantico,

Virginia, the site of our FBI Academy, and their imaginative approaches which included a direct line to a Croatian prisoner in West Germany, all pay tribute to John Otto who was personally on the scene, and to all of those who did so much to bring down that operation successfully.

In fact, we have been very successful in dealing with all of the hostage negotiation cases that have come to us as a part of our assignment. Earlier in the summer a similar attack in San Juan against the Chilean Consul General was defused. We're seeing more and more of this type of activity in this country. Pipe bombs went off in New York three or four days ago outside the Cuban Mission. I could tick off repeated and recent acts of terrorism. We have about a hundred terrorist bombings a year in this country. I'm not talking about revenge type bombings, I'm talking about political terrorist acts. It's been at that level for the last two or three years.

In July, we held in Quantico Virginia, a symposium to meet the threat of terrorism and brought the leading figures from around the world to Quantico. We also brought in our leading law enforcement officers, and representatives from all the services, the CIA and the Secret Service--men like Colonel Ulrich Wegener who led the assault on the plane at Mogadishu in Somalia--for a three-day session which was most productive.

If there is an increase in terrorism in this country, I expect that the FBI will maintain full readiness to meet its responsibilities. In every field office we have a SWAT team of at least five persons. This will not be sufficient to deal with the seizure of a train or several embassies, but we expect with the cooperation--the fine cooperation we experience from our large metropolitan law enforcement agencies--to be able to deal with virtually every one except the outer limit incidents and I'm confident that the Army's crack team which is now in a state of readiness can deal with those super situations that are beyond our control. But you can count on us to be at full readiness within our own capabilities.

We're moving into the problem of arson. I think you'll hear about it in an announcement by Senator Percy in hearings that are going to start on Thursday with respect to an arising concern about arson for profit; a 25 percent increase, I understand, last year.

We have accepted in the FBI the responsibility of moving into the arson area where we can find and demonstrate an organized crime involvement, and there is plenty of evidence of that particular activity. We've been able to successfully identify it in the past and provide prosecutable cases, and we shall do so in the future with an intensive effort.

It's part of our program of recognizing where the emerging real problems exist and then directing, within the limits of our Federal jurisdiction, all resources that can be committed

to help in an area that does so much damage to the poor. The problem deserves the very best that we can give, and I think you should be very proud to have Senator Percy taking the lead in calling it to the country's attention. He, along with Senator Glenn, I'm sure, will see that whatever legislation is needed will be put in place, and he has been more than complimentary of the commitment of the FBI in that connection.

I mentioned earlier the accountability of the FBI and the new spirit of Government. We're accountable, in addition to the Attorney General, to fourteen committees of the Congress, six of whom claim congressional oversight. I've testified seven times this year on just these subjects in connection with our budget and statutes that are applicable to us. In addition, we have the careful review of the judges and we maintain within our own office an inspection staff, who are in Chicago at the present time inspecting the Chicago Office. We also have an Office of Professional Responsibility to whom anyone can register a complaint if he is under the impression that the FBI is doing something that is unlawful or improper.

You know we put guidelines in place in 1976 following the awful period of the 60's and early 70's when ROTC buildings were being burned down, when Weatherman bombs were exploding and people were demanding more and more of the FBI. The FBI, acting under what it perceived to be the inherent power of the

President, responded in the best way that it knew how in trying to identify, detect and prosecute the people who were creating unrest and riot in this country. We've been criticized for that response. Steps taken then are now perceived to be improper, and invasions of people's personal privacy.

I want to assure you of one thing. The guidelines that were put in place in 1976 are guidelines to which I fully subscribe. They set out the rules of the game on how we can proceed, what power we have, when we must go to a court and what we must do in every situation in connection with trying to root out domestic terrorism and violence.

Since 1976, I am aware of no case in which anyone has claimed to have successfully made a case against the Federal Bureau of Investigation or any of its Agents based on a constitutional tort. In other words, the rules have been put in place. Our 8,000 Agents, our 20,000 employees are firmly behind them. There is no evidence of any kind that we are doing anything but what the American people expect of us and in the way that the American people expect of us.

Our minority recruitment is gaining momentum. I've pushed it hard. When I came to the FBI, I wasn't satisfied with the number of black Agents, the number of Hispanic Agents, or the number of women Agents. We can only take on about 285 new Agents a year. Already, since February, the number of minority Special Agents has increased from 348 to 398.



The number of women Agents has increased from 94 to 139--a 48 percent increase in our female complement. This is just an example of what our people can do when the guidelines are set down and total support is requested of our organization.

I'm watching my clock closely and I may have 30 seconds before I see trouble ahead. As an old Rotarian, I know the time is at an end. I want to thank you very much for letting me come here to tell you about the modern FBI.

It's an FBI that people like Dick Held, who did so much to build it, can be fully proud of. We're moving into important areas and we're trying to do it effectively, scientifically, professionally and, above all, within the rule of law that we respect as you, our fellow citizens, do.

Thank you.

**END**