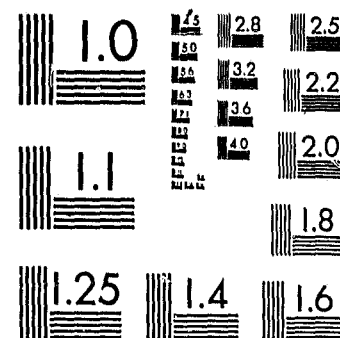


National Criminal Justice Reference Service

**ncjrs**

This microfiche was produced from documents received for inclusion in the NCJRS data base. Since NCJRS cannot exercise control over the physical condition of the documents submitted, the individual frame quality will vary. The resolution chart on this frame may be used to evaluate the document quality.



MICROCOPY RESOLUTION TEST CHART  
NATIONAL BUREAU OF STANDARDS-1963-A

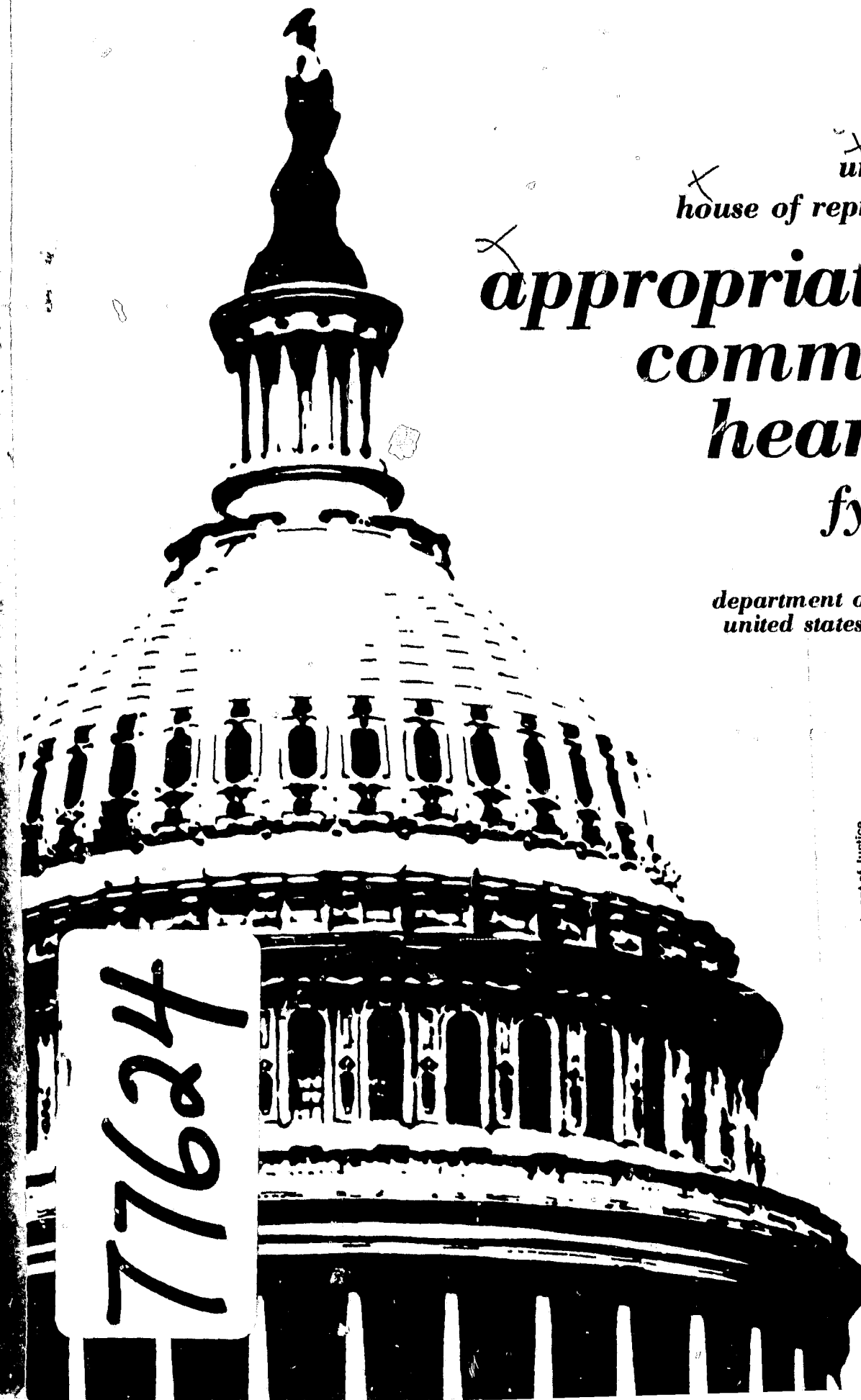
Microfilming procedures used to create this fiche comply with the standards set forth in 41CFR 101-11.504.

Points of view or opinions stated in this document are those of the author(s) and do not represent the official position or policies of the U. S. Department of Justice.

National Institute of Justice  
United States Department of Justice  
Washington, D. C. 20531

DATE FILMED

10/08/81



*united states  
house of representatives*

*appropriations  
committee  
hearings  
fy 1981*

*department of the treasury  
united states secret service*

U.S. Department of Justice  
National Institute of Justice

This document has been reproduced exactly as received from the person or organization originating it. Points of view or opinions stated in this document are those of the authors and do not necessarily represent the official position or policies of the National Institute of Justice.

Permission to reproduce this copyrighted material has been granted by

Public Domain/ U.S. Dept. of  
Treasury/ US Secret Service  
to the National Criminal Justice Reference Service (NCJRS).

Further reproduction outside of the NCJRS system requires permission of the copyright owner.

NCJRS

APR 23 1981

ACQUISITIONS

TUESDAY, MARCH 25, 1980.

## U.S. SECRET SERVICE

## WITNESSES

RICHARD J. DAVIS, ASSISTANT SECRETARY, ENFORCEMENT AND OPERATIONS  
 H. STUART KNIGHT, DIRECTOR  
 MYRON I. WEINSTEIN, DEPUTY DIRECTOR  
 ROBERT E. POWIS, ASSISTANT DIRECTOR, INVESTIGATIONS  
 JOHN R. SIMPSON, ASSISTANT DIRECTOR, PROTECTIVE OPERATIONS  
 ROBERT R. BURKE, ASSISTANT DIRECTOR, PROTECTIVE RESEARCH  
 FREDERICK N. WHITE, JR., ASSISTANT DIRECTOR, ADMINISTRATION  
 JOHN J. GIUFFRE, DEPUTY ASSISTANT DIRECTOR, ADMINISTRATION  
 FRANK PALMER, CHIEF, FINANCIAL MANAGEMENT DIVISION  
 ARTHUR D. KALLEN, DIRECTOR, OFFICE OF BUDGET AND PROGRAM ANALYSIS, TREASURY DEPARTMENT

Mr. STEED. The committee will be in order.

The committee is in session this afternoon to take up the fiscal year 1981 budget request for the United States Secret Service, Department of Treasury.

The appropriation to date for fiscal year 1980 is \$157 million with a pay increase supplemental pending of \$1,370,000 and a program supplemental pending for \$13,550,000, bringing the 1980 total to \$171,920,000. The budget estimate for fiscal year 1981 is \$159,241,000, a decrease from 1980 of \$12,679,000.

We are very pleased to have Secretary Davis and Director Knight.

Gentlemen, if you would like to introduce the other witnesses here for the record, we will be pleased to hear what you and the Director have to say in support of this budget request.

## INTRODUCTION

Mr. DAVIS. Thank you very much, Mr. Chairman and Mr. Miller. It is a pleasure to appear here before the committee in support of the Secret Service appropriations request.

In addition to Director Knight, with me at the table is Deputy Director Weinstein of the Secret Service, Mr. White of the Secret Service, Assistant Director for Administration, and Mr. Kallen, the Director of the Office of Budget and Program Analysis, Treasury Department.

With your permission, I would like to summarize my remarks and ask the Director to make a more complete presentation.

Mr. STEED. We will have your statement printed as though read in full in the record.

[The information follows:]

DEPARTMENT OF THE TREASURY  
 UNITED STATES SECRET SERVICE  
 INTRODUCTORY STATEMENT OF RICHARD J. DAVIS  
 ASSISTANT SECRETARY (ENFORCEMENT AND OPERATIONS)

For presentation to the Subcommittee on Appropriations  
 Mr. Chairman and Members of the Committee:

It is a pleasure to appear before you today in support of the fiscal year 1981 appropriation request for the United States Secret Service. Appearing with me today are the Director of the Secret Service, Mr. H. Stuart Knight and his staff and Mr. Arthur Kallen, Director of the Office of Budget and Program Analysis, Treasury Department.

The request for fiscal year 1981 is \$159,241,000, a decrease of \$18,409,000 under the proposed authorized level for fiscal year 1980. This reduction is due to the increase in fiscal year 1980 to accommodate the Candidate/Nominee program. This level allows increases necessary to maintain programs at current operational levels. It also includes \$850,000 for technical security support and \$200,000 for portable voice communications systems at temporary protective sites.

Protective activities remain the number one priority of the Secret Service. The protective responsibilities of the Secret Service have been significantly heightened during fiscal year 1980 due to the Candidate/Nominee program. These responsibilities will continue through the inauguration in January 1981.

While travel is increased extensively during the Campaign year, we also are finding that the trend is for our permanent protectees as well as foreign dignitaries visiting the United States, to travel more. This trend, which we cannot control, creates enormous budgetary pressures on the Secret Service which are exacerbated by the increased costs of travel.

Another factor contributing to increased protective activities has been the increased number of visits of foreign heads of state visiting this country. The unprecedented visits of President Fidel Castro of Cuba and Pope John Paul II earlier this fiscal year called for extraordinary protective measures. As you know, we have requested additional funds in FY 80 to reimburse local governments for expenditures they made to meet extraordinary protective needs at missions to international organizations and in connection with visits to foreign dignitaries. The needs for funds to meet this important national goal of providing adequate security for these facilities and individuals will continue in fiscal year 1981. We are thus seeking \$3.5 million for reimbursement to local governments for this purpose.

With regard to the criminal investigative responsibilities of the Service, workload in check forgeries decreased in FY 79 due to a drop in check cases referred to the Service. An analysis of the reasons for this decreased referral was undertaken by the Service jointly with the Bureau of Government Financial Operations and the administrative problems spotted as the cause are being addressed. The check forgery workload is

projected to increase in FY 81 as backlogged cases are referred to the Service for investigation. In addition, investigative case backlogs are expected to develop due to the demands of the Candidate/Nominee program and the deployment of manpower to protective operations.

During fiscal year 1979, the Secret Service took aggressive action in suppressing the circulation of counterfeit currency. Through its investigative efforts in this area, the Service traced the origin of 20 percent of counterfeit notes passed on the United States public to Columbia, South America. The Service is currently part of a task force working with Colombian authorities to improve their detection and investigation of counterfeit U.S. currency.

In closing, I would like to thank this Subcommittee for providing the resources necessary for the Secret Service to carry out its mission. Director Knight will now add to my comments.

# STATEMENT OF ASSISTANT SECRETARY DAVIS

Mr. DAVIS. As you noted, Mr. Chairman, during your opening remarks, the request this year includes a decrease from 1980. That decrease is largely due to the fact that the Candidate/Nominee program which was funded in full in 1980 only operates for several months in fiscal year 1981. The budget request contains basically a request for funds to fund the same level of personnel as existed in 1980 plus some additional funds for equipment.

Once, again, it is clear that the first and primary responsibility of the Secret Service relates to protection. That will continue in 1981. Fiscal year 1981 will see the end of the campaign. It will see the inauguration. Both events involve substantial burdens and responsibilities for the Secret Service.

It also, however, will see a continuation in the trend of increased costs that the Service faces from the fact that its protectees and other leaders around the world are becoming increasingly mobile. That means the people we protect on a permanent basis travel more. That adds to our expenses.

That means more heads of state come here from other countries. When they get here, they travel more. The presence of foreign visitors adds to the budget and resource pressures on the Service. It also, however, adds to the pressures on some of our localities and particularly New York City, the site of the United Nations, which receives a very large number of heads of state each year.

The budget request for fiscal year 1981 seeks \$3.5 million for state and local reimbursement to attempt to deal with that very real problem which exists. The United States Government is trying to maximize the extent to which we are living up to our obligations to protect visiting heads of state and diplomatic facilities.

Finally, the Service also has important criminal investigative responsibilities which the Director will discuss in more detail. They include a very successful counterfeit investigation program and a check forgery investigation program.

As I said, the Director will provide more detail about the success that the Service has had. They have been very successful in recent years, particularly in the counterfeiting area.

Now I would like to ask Director Knight to make his presentation.

Mr. STEED. Fine.

Mr. Knight, you may proceed in your own way.

Mr. KNIGHT. Thank you, Mr. Chairman.

I have a rather lengthy introductory statement which, with your permission, I will submit for the record. I have a brief summarization of that, if it is all right with you.

Mr. STEED. That will be fine.

[The information follows:]

DEPARTMENT OF THE TREASURY  
U. S. Secret Service

Introductory Statement of H. S. Knight  
Director, U. S. Secret Service  
For Presentation to the Subcommittees on Appropriation

Mr. Chairman, I am pleased to appear before you and the other members of this committee to present the annual appropriation request of the United States Secret Service and to report on our activities during the current and past fiscal years.

Introduction of Associates

With me today, Mr. Chairman, is the Deputy Director, Mr. Weinstein; Mr. Powis, the Assistant Director for Investigations; Mr. Simpson, the Assistant Director for Protective Operations; Mr. Burke, the Assistant Director for Protective Research; Mr. White, the Assistant Director for Administration; Mr. Giuffre, the Deputy Assistant Director for Administration; and Mr. Palmer, the Chief of our Financial Management Division.

Budget Request

The pending appropriation request for fiscal year 1981 totals \$159,241,000, a decrease of \$18,409,000 under the proposed authorized level for the fiscal year 1980. The decrease is a function of the inclusion of substantial funds for the Candidate/Nominee program in the fiscal year 1980 budget. However, funds have been included in the request for mandatory and other increases necessary to maintain programs at current operational levels. The Service is also requesting \$850,000 for technical security support of our protective operations and \$200,000 for a highly portable voice communications system at temporary protective sites.

Continued Increase in Activities

The activities of the Secret Service have continued to expand in the past year. Travel by permanent protectees of the Service reached an unprecedented level. At the same time, several major diplomatic events occurred resulting in extended periods of protection provided foreign dignitaries visiting this country.

Protective Effort

Our protective responsibilities continue to receive our highest priority. The Service is fully committed to providing a safe and secure environment for those persons whom we protect.

To this end we are constantly evaluating new equipment and methods to assist us in fulfilling this mission in an effective and unobtrusive manner.

The past year was a period in which enormous strain was placed upon our personnel and other resources. In addition to extraordinary protective efforts associated with our ongoing permanent protective responsibilities, temporary details were established for the 34th General Assembly of the United Nations, the visit to the United States by Vice Premiers Deng Xiaoping and Fang Yi of the People's Republic of China in January and February, the visit to the United States by Pope John Paul II, and the visit of Premier Fidel Castro of Cuba. Moreover, the problems associated with worldwide terrorism and international conflict continued to require extra security measures in all areas of our protective responsibilities.

In terms of our ability to accomplish our protective and investigative mission, this past year has been a period of awesome responsibility and has required great sacrifice on the part of our entire staff. Extraordinary demands for manpower have been met primarily through the assignment of extended periods of overtime. To continue in this vein results in declining morale and efficiency and we have initiated programs to try to deal with this problem. At this time, I would like to commend the men and women of the Secret Service who have given so unselfishly toward the successful accomplishment of our mission.

#### Candidate and Nominee Protection

This fiscal year finds the Service dedicating a major portion of its resources toward candidate and nominee protection. Funds for this initiative were programmed based upon a start-up date for protection of March 1, 1980.

However, at the direction of the Secretary of the Treasury, protection commenced for Senator Edward M. Kennedy on September 9, 1979. The Advisory Committee recommended on October 25, 1979 that this protection be continued. Upon the recommendation of the Advisory Committee, the Service commenced protection for Mr. Ronald Reagan on November 13, 1979. The protection for all other candidates meeting the guideline requirements as set by the Advisory Committee commenced January 11, 1980. At that time details were assigned to Senator Howard H. Baker, Jr. and Representative Philip Crane. Since then, protection was discontinued for Senator Baker on March 5, 1980 with his official withdrawal from the campaign. Protection commenced for John B. Anderson on March 10, 1980 and for George Bush on March 17, 1980.

As you know, the accelerated start-up date has required the Service to seek supplemental funds in order that we do not exhaust already taxed resources. The need for additional funds was acknowledged in meetings held with the Advisory Committee

when it was decided that circumstances warranted immediate protection for those candidates I mentioned previously.

Assistance of Other Federal, State and Local  
Law Enforcement Agencies

Each year, the Service relies heavily on the assistance and cooperation of local, state and Federal law enforcement agencies to ensure the maximum security for our protectees. This will be especially true during the 1980 Campaign. Without their support, our effectiveness would be seriously impeded. It should be noted that as a result of budgetary constraints, there have been instances where state and local agencies have been unable to fulfill our request for assistance.

Protection of Foreign Dignitaries

Fiscal Year 1979 continued the high level of foreign dignitary travel experienced in fiscal year 1978. In conjunction with these visits, the Secret Service provided security for 115 visiting foreign dignitaries. Of the 115 visits, 111 involved a head of a foreign state or government while 4 involved other distinguished visitors to the United States. The average stay for these visiting foreign dignitaries was <sup>5.4</sup>~~5.6~~ days. During September and October, the Secret Service provided protection for 21 foreign

dignitaries visiting the United Nations 34th General Assembly.

Among the official representatives requiring extraordinary protective measures was Premier Castro of Cuba who visited the United States from October 11 through October 14, 1979. The security arrangements provided for Pope John Paul II, whose visit spanned a period of 7 days, from October 1 through October 7, 1979 and five major cities added a new dimension to protection provided a visiting foreign dignitary.

The protection provided Pope John Paul II represents the largest protective effort for a single foreign dignitary in the history of the Secret Service. In terms of manpower requirements and logistical demands, the magnitude of the event was unprecedented. As I mentioned previously, the Service was protecting a multitude of individuals during this same time frame. As a result of these demands, manpower needs could only be met through the use of 16-hour shifts, and the suspension of days off.

The responsibilities of the men and women assigned to this program included coordinating the efforts of some 38,000 uniformed units including local and state law enforcement personnel and national guardsmen engaged in controlling record crowds.

Again, I would like to express my appreciation to those men and women of the Secret Service who performed in an outstanding manner and contributed markedly to the success of the Pope's visit.

In March 1979, the Secret Service provided protection for the visit of President Sadat of Egypt and Prime Minister Begin of Israel which culminated in the signing of the Mid-East Peace

Accord.

During the current year, as of February 29, 1980, the Service has provided protection for 46 foreign dignitaries visiting the United States, all of which were heads of a foreign state or government. In September, protection will once again be afforded a large representation of foreign dignitaries who will be attending the 35th Session of the United Nations in New York City.

The protection of foreign dignitaries continues to be an important facet of the Secret Service protective mission. The protection of these travelling dignitaries is particularly critical given the prevailing climate of terrorism in the world today. The avowed intention of some organizations to pursue their goals through assassination, kidnapping, or other forms of violent terrorism, in deliberate attempts to disrupt diplomatic exchanges, has made it necessary for the Service to redistribute scarce resources to provide security arrangements. With the concern over the Middle East situation, the complex diplomatic problems confronting us around the world and world-wide interest in the resolution of various disputes, we are anticipating a continuation of the large numbers of foreign dignitaries visiting our country.

#### Presidential Protection

Above average demands were placed upon the manpower and logistical resources of the Secret Service in providing Presidential Protection during fiscal year 1979. Contributing to this were Presidential visits to the Economic Summit, French

West Indies, in January; the State visit to Mexico, in February; the Middle East Peace Mission to Egypt and Israel, in March; the SALT II Summit, Vienna, Austria, in June; and the Economic Summit to Japan and Korea in June.

#### Other Protection

Also, in fiscal year 1979, the activities of Former Presidents and the widows of Former Presidents remained at high levels. Expanded travel schedules required additional resources to ensure security for those receiving Secret Service protection.

#### U. S. Secret Service Uniformed Division

The U. S. Secret Service Uniformed Division provides security for the Executive Residence and grounds, the protection of the temporary official residence of the Vice President and grounds, and any building in which Presidential offices are located.

In addition to providing protection to the White House, the Secret Service Uniformed Division also provides security coverage for four hundred and eight diplomatic missions located in the metropolitan area of the District of Columbia on an as-needed basis.

Protection was also provided on an as-needed basis to foreign missions outside of the Washington, D.C. area in fiscal year 1979 and continues as a result of the current diplomatic climate.

The size of the Uniformed Division of the Secret Service



has been reduced. As a result, it has been necessary to utilize excessive amounts of overtime in our effort to ensure adequate security in the diplomatic community. However, the demands upon our personnel are unyielding and I do not know how long this effort can be maintained. The excessive overtime we have been requiring not only strains available resources but results in stress problems, health problems and morale problems. In order to stem an unacceptable attrition rate, it will be necessary in the future to reduce the amount of overtime required which can only have a deleterious affect on security provided foreign missions in the greater Metropolitan area. This is unfortunate given the tense diplomatic climate in existence today.

In spite of these conditions the Uniformed Division has been highly effective and has been playing an increasing role as a vital, integral part of the security coverage afforded our protectees. I am tremendously proud of their outstanding contribution to the overall effectiveness of the operations of the U. S. Secret Service.

#### Treasury Security Force

The Treasury Security Force is responsible for the protection of life and property at the Main Treasury Building and the Treasury Annex in Washington.

In addition to their regular duties, they provide security for the Securities Transactions Room, handling large crowds of people who come to purchase Treasury Notes. Formerly a once-

a-week occurrence, this type of security is now needed almost daily. Treasury Security Force Officers also man surveillance posts during ceremonies at the White House and grounds, provide security in the exhibit halls in the Main Treasury Building, and provide protection for the large amounts of cash and securities stored in the vaults.

During 1979, the force was reduced 20 positions. With the emplacement of additional electronic devices and the closing of some entrances, we have tried to achieve a minimal loss of security.

#### Field Offices

The field offices are the backbone of our investigative operations, being the point from which the investigation of all cases, criminal and noncriminal, is initiated. In addition, the Service draws heavily on the Special Agents permanently assigned to the field offices for temporary protective assignments. For example, the President's trip down the Mississippi in August utilized manpower resources from over fifteen field offices throughout the Midwest and Eastern United States.

In the face of increasing amounts of travel out of district to augment temporary protective details, the Special Agents operating out of our field offices were able to sustain a credible investigative effort. The high level of arrest and conviction activity during fiscal year 1979 is exemplary and is an excellent indicator of the dedication and effectiveness of our Special Agents in

the field.

Overall Investigative Caseload

The past year has proven to be very demanding in the area of criminal investigations. Total cases received decreased from about 160,000 in fiscal year 1978 to around 128,000 in fiscal year 1979. However, the Service sustained a high level of investigative activity, and made a significant contribution toward reducing our overall pending caseload.

During the fiscal year 1979 the pending caseload was reduced from 70,000 at the end of fiscal year 1978 to about 54,000 cases at the end of fiscal year 1979.

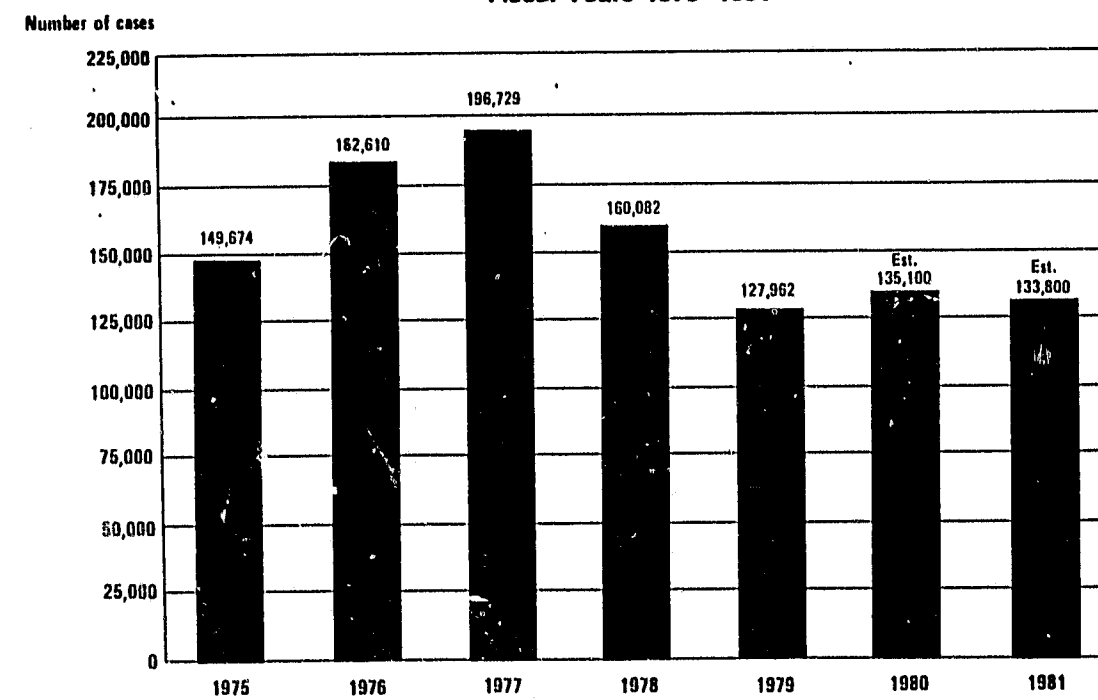
This extraordinary investigative effort was essential in order that we might be adequately prepared to assume our Campaign responsibilities this year without seriously undermining the investigative and law enforcement functions of the Service.

The following chart shows the total cases received for investigation over the last five years, as well as the most recent estimates of the number of cases that will be received in fiscal years 1980 and 1981. (Chart A)

59-636 0 - 80 - 51

United States Secret Service  
**TOTAL CASES  
RECEIVED FOR INVESTIGATION**  
Fiscal Years 1975 -1981

CHART A



Counterfeiting Activities

During fiscal year 1979, the Secret Service recovered \$50.7 million in counterfeit currency. Of this amount, \$46.3 million, or 91 percent was seized before circulation. The balance of \$4.5 million was passed on the public, an increase of 13 percent from the \$4 million of the previous year.

The amount of counterfeit currency recovered represents the greatest quantity of counterfeit currency ever seized by this Service, a 127 percent increase over the amount recovered in fiscal year 1978.

In the course of fiscal year 1979, sixty-three counterfeit plants were suppressed by the Secret Service within the United States. This figure compares favorably with the total of fifty-one suppressed in fiscal year 1978.

Of the \$4.5 million passed on the American public, 20 percent of the notes were traceable to origins in Colombia, South America. To combat the increasing impact of this situation, a task force of Special Agents was sent to Colombia to assist local authorities in the investigation of counterfeiting of U. S. currency in that country. From January 5, 1979, through July 12, 1979, this task force was responsible for the seizure of an additional \$8.3 million in counterfeit U. S. currency above the \$50.7 million I mentioned previously.

In the past year, a tri-nation committee was initiated consisting of the Federal Reserve Board, the Bureau of Engraving

and Printing, and the Secret Service, of the United States; the Bank of England; and the Bank of Canada. Most recently, the Bank of Australia has joined the committee. This committee has the task of studying the potential compromise of their respective genuine currencies through the use of the newly developed color copier machines. The Secret Service was invited to join this committee to provide assistance from our expertise in the field of counterfeit detection.

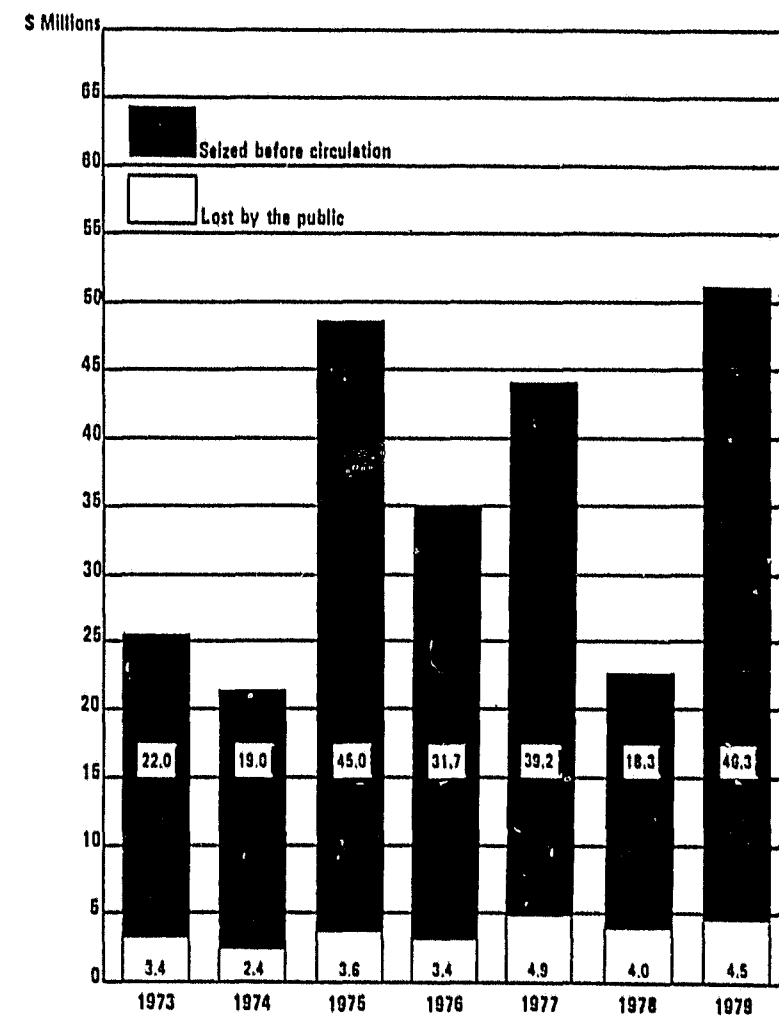
The statistical data available for the first month of fiscal year 1980 shows the trend of increased activity from fiscal year 1979 continuing into the new year. During this period, a total of \$4.1 million in counterfeit currency was recovered with \$3.7 million or 90 percent being seized before circulation.

A continued effort in fiscal year 1980 is the aggressive investigation of counterfeiting operations in Colombia, South America. Our presence there has shown a marked improvement in the manner and technique by which Colombian authorities investigate these cases.

The following charts show for fiscal year 1973 through 1979 the dollar value of counterfeit notes seized before circulation, with the overall losses to the public and for fiscal year 1972 through 1979 the number and dollar value of the counterfeit notes passed. (Charts B and C)

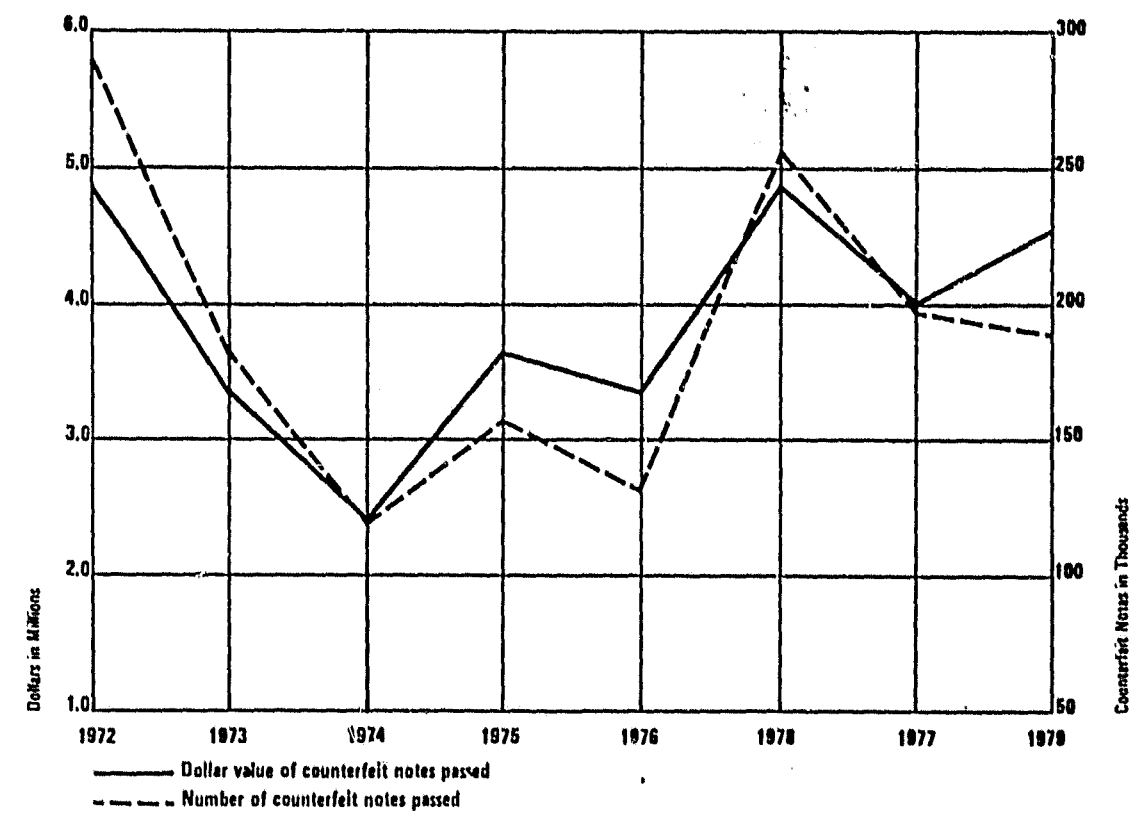
CHART B

United States Secret Service  
**COUNTERFEITING ACTIVITY**  
Fiscal Years 1973 - 1979



United States Secret Service  
**COUNTERFEITING TRENDS**  
Fiscal Years 1972 - 1979

CHART C

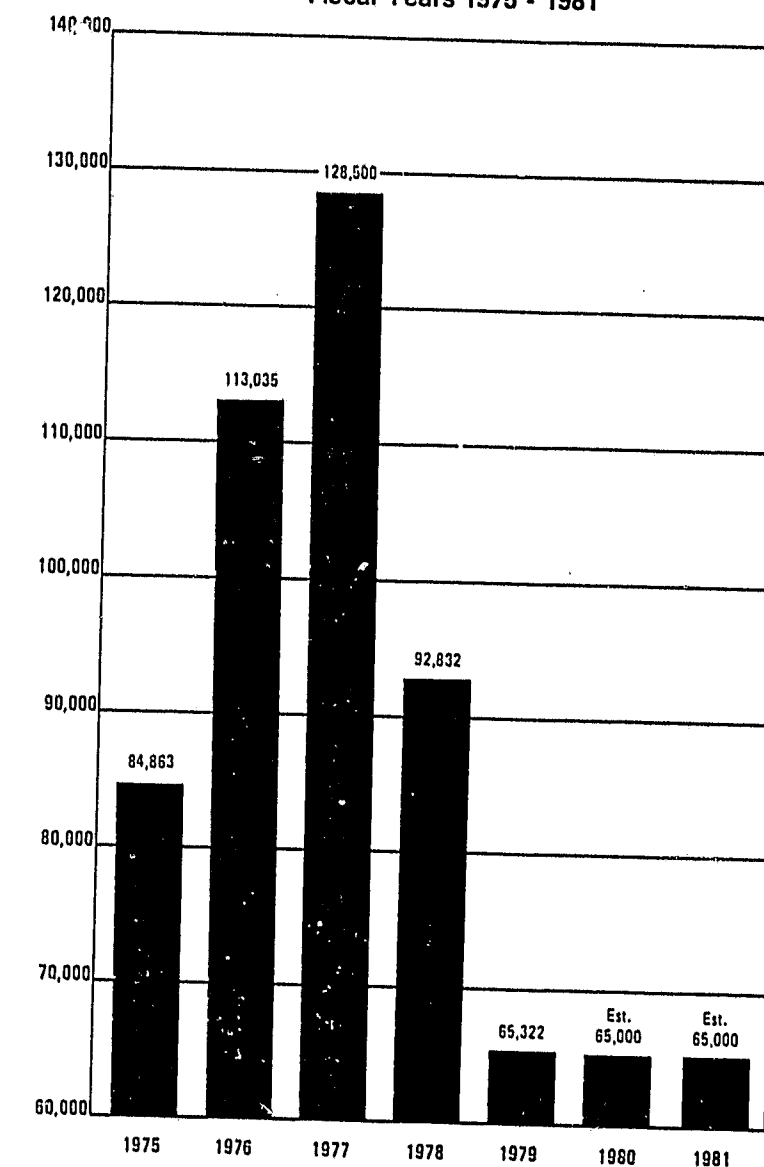


Check Forgery

Forgery of Government checks continues to be a significant area of enforcement activity for the Secret Service. During fiscal year 1979, approximately 65,000 check cases were received for investigation, a decrease of about 28,000 cases from fiscal year 1978. For fiscal years 1980 and 1981, based on a straight line projection, we are also anticipating referrals of 65,000 cases. During the past fiscal year, the Secret Service made 6,500 arrests in check forgery cases, a reduction of about 31 percent from the arrest activity in fiscal year 1978 of 9,400 arrests.

The following chart reflects the number of check cases received for investigation for fiscal years 1975 through 1979 with estimated numbers to be received in fiscal years 1980 and 1981. (Chart D)

United States Secret Service  
**NUMBER OF FORGED CHECK CASES  
 RECEIVED FOR INVESTIGATION**  
 Fiscal Years 1975 - 1981  
 CHART D



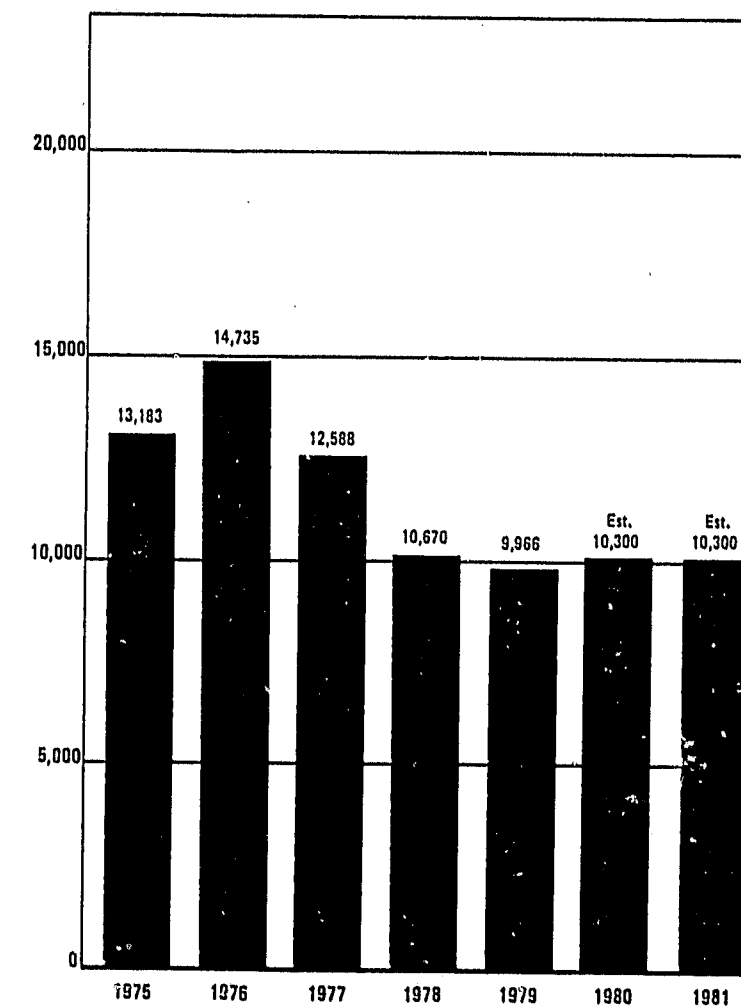
Bond Forgery

During fiscal year 1979 the total number of bond referral cases to the Service decreased from about 11,000 cases in 1978 to about 10,000 cases in fiscal year 1979. More stolen bonds are being recovered before they are forged, thereby reducing the number of bonds which appear as forgery referrals at a later date. Arrests for the same period also decreased slightly, from 164 to 133 by the end of fiscal year 1979.

The following chart shows the number of bond forgery cases received for investigation during fiscal years 1975 through 1979 with the estimated number of cases for fiscal years 1980 and 1981. (Chart E)

CHART E

United States Secret Service  
**NUMBER OF FORGED BOND CASES  
RECEIVED FOR INVESTIGATION**  
Fiscal Years 1975 - 1981





Organized Crime

The Secret Service has continued to participate in the Organized Crime Program of the Department of Justice. Experienced Special Agents of this Service are assigned to the various strike forces around the country. The fourteen organized crime strike force representatives are provided additional support by the various field offices and headquarters as needed.

The Secret Service is an active member of the National Organized Crime Planning Council, which consists of members of Federal law enforcement agencies. The council visits the strike forces and gathers criminal intelligence information concerning organized crime interests.

Visits by this council to the Strike Force Districts have renewed enthusiasm and interest in the program. Our strike force representatives report that inter-agency cooperation has improved and, as a result, criminal intelligence information that otherwise would not have been received has become available, proving beneficial to our investigative activities.

Equal Employment Opportunity

The Service has continued to pursue a vigorous program for the recruitment of qualified minority employees, as well as a program to prepare minority clerical and other non-professional employees for advancement into professional positions. As you know, the Service has a special need for minorities in the ranks

of our Special Agents and uniformed officers. Accordingly, we have made significant recruitment efforts for these categories of personnel.

Despite these efforts, the Service has not had the opportunity to expand its minority employment program in the Special Agent positions to the extent we would like. However, the Service's minority employment increased approximately six percent during the fiscal year 1979 in spite of reductions taken in overall employment and the relatively low turnover rates in this category of employees. Moreover, there continues to be keen competition for qualified minorities on the part of private industry.

Freedom of Information and Privacy Acts

With the enactment of amendments to the Freedom of Information Act, the Service received a large number of requests from members of the public for records that we maintain.

During fiscal year 1979, the Service processed more requests than in any previous year, including 849 FOI requests and 142 Privacy Act Requests. In addition, the Office of Legal Counsel processed 68 FOI appeals while failing to sustain the Agency's position in only one case which went to litigation.

We had hoped that this litigation would decrease as the trend of the courts to accept the claimed exemptions and to sustain the Service's position became evident. However, this kind of litigation has continued to increase. The kinds of requests have become more diverse. These include inquiries concerning

both law enforcement and administrative practices of the Service.

I would like to point out at this time, that since the passage of the Freedom of Information and Privacy Acts in 1974, the Service has spent from \$200,000 to well in excess of \$300,000 each year in responding to the numerous requests. Of this amount less than one-half of one percent is recoverable through FOI/Privacy Act billings. Moreover, less than twenty-five percent of this fraction is actually ever received from the individuals involved. As a result, since 1975, the Service has written off over \$3,400 in uncollectable receivables and continues to bear the financial burden of these acts exclusively.

#### Protective Research

During the past fiscal year the Service has continued its efforts to improve methods for determining the potential danger of persons who make threats or who exhibit an unusual interest in persons whom we are authorized to protect. In this regard, a proposal concerning the definition of critical elements of human behavior was formalized late in fiscal year 1979 and is under consideration.

Our heavy involvement in Campaign '80 will significantly increase demands to identify threats to candidates and nominees and our operations will be dominated by that effort this year.

The Service, like other enforcement bodies, relies heavily on the public and other organizations for its intelligence data. While precise measurements are difficult in this area, we continue to suffer as a result of the FOI and Privacy Acts which we believe

have severely reduced the availability of this information. As a result, greater amounts of resources must be expended to ensure adequate security for protective functions and data regarding enforcement operations, resources which the Service can ill-afford.

#### Summary

In summary, Mr. Chairman, the workload and protective responsibilities of the Secret Service continued to expand and take on new dimension this past year. The additional demands of the Candidate and Nominee program will exacerbate the conflicting demands upon our resources this year. Fiscal Year 1981 will mark the culmination of this massive protective effort and the reallocation of resources to our investigative responsibilities.

The budget request before you contains only those amounts which are absolutely necessary for carrying out the programs for which the Service is responsible.

In this regard I am grateful to your Committee for the support given us over the years. Your support and understanding of our needs is very much appreciated by all of us in the Secret Service.

Mr. Chairman, this concludes my statement. I will be pleased to answer any questions you or the other members of the Committee may have.

## INTRODUCTION OF ASSOCIATES

Mr. KNIGHT. With me today, Mr. Chairman, is the Deputy Director, Mr. Weinstein.

Mr. STEED. The new people appearing for the first time, we will have their biographies made a part of the record at this point.

Mr. KNIGHT. Mr. Powis, the Assistant Director for Investigations; Mr. Simpson, the Assistant Director for Protective Operations. Mr. White, the Assistant Director for Administration; Mr. Snow, the Deputy Assistant Director for Protective Research; Mr. Giuffre, the Deputy Assistant Director for Administration; and Mr. Frank Palmer, Chief of our Financial Management Division.

Since this is the first appearance before this committee of Mr. Simpson, Mr. White and Mr. Giuffre, I would like to insert a short biographical sketch of each of them for the record at this time.

[The information follows:]

JOHN R. SIMPSON  
Assistant Director - Protective Operations  
United States Secret Service

John R. Simpson was born February 13, 1932, in Boston, Massachusetts. He received a bachelor of commerce degree from Loyola College in 1954. Immediately following completion of his baccalaureate degree, he served in the United States Army for two years. In 1963, he received an LLB degree from Portia Law School.

Mr. Simpson was appointed a Special Agent of the United States Secret Service in 1962 and assigned to the Boston Field Office. Subsequently, he was transferred to the Presidential Protective Division in Washington, D. C. During his career he has served as Assistant Special Agent in Charge of the Protective Support Division, Deputy Special Agent in Charge of the Vice Presidential Protective Division, Special Agent in Charge of the Foreign Missions Division (Uniformed Division), Special Agent in Charge of the Dignitary Protective Division, Inspector in Washington, D.C. (Inspector in Charge of Candidate/Nominee Protective Division 1976 Campaign), Special Agent in Charge of the Presidential Protective Division, and as Deputy Assistant Director for the Office of Protective Operations (Uniformed Division).

On August 26, 1979, he was promoted to Assistant Director, Office of Protective Operations. In this capacity, he is responsible for administering the physical protective mission of the United States Secret Service.

During his career, Mr. Simpson has participated in several major management training programs; most notably, the National War College and the Federal Executive Institute, Charlottesville, Virginia.

Mr. Simpson is a member of the International Association of Chiefs of Police. He is married to the former Geraldine H. Teehan of Boston, Massachusetts. They have two children and reside in Bowie, Maryland.

FREDERICK N. WHITE, JR.  
Assistant Director - Administration  
United States Secret Service

Frederick N. White, Jr. was born August 11, 1935 in Philadelphia, Pennsylvania. He received a Bachelor of Science degree in industrial and business management from Temple University in 1958.

Following his academic career, Mr. White began his professional career as a systems analyst with an insurance company. He also worked as a computer system analyst and project manager with several companies in the scientific and technical information field.

In July 1967, Mr. White began his federal career with the United States Coast Guard, Department of Transportation. He served in various capacities with the Coast Guard until April 1970 when he was appointed Chief, Mission Support Section, Information Systems Division.

In August 1974, Mr. White was appointed to the position of Assistant Director for Administration of the United States Fish and Wildlife Service, Department of the Interior. In that capacity, Mr. White was responsible for a wide variety of support services including personnel, safety and security, finance and accounting contracting and general services, automatic data processing, correspondence management, publications, and for insuring that the United States Fish and Wildlife Service complied with all legal, regulatory and policy requirements in conducting its work.

Mr. White was appointed Assistant Director, Office of Administration, United States Secret Service in January 1980.

During his career, Mr. White has participated in several major management training programs; most notably, the Program for Senior Managers in Government, Harvard University, 1979; the Conference for Senior Executives on Public Policy Issues, Brookings Institution, 1978; Congressional Operations Seminar for Managers, 1978; the Federal Executive Institute, Charlottesville, Virginia, 1976; and an Executive Development Seminar Management of Organizations, Oak Ridge, Tennessee, 1972.

Mr. White is married to the former Joan N. Scharas of Philadelphia, Pennsylvania. They have two daughters and reside in Rockville, Maryland.

JOHN J. GIUFFRE  
Deputy Assistant Director - Administration  
United States Secret Service

John J. Giuffre was born December 28, 1934, in New York City, New York. He received a Bachelor of Arts degree in police administration from Indiana University in 1957. Immediately following completion of his baccalurate degree, he served in the United States Army Military Police Corps for two years. In 1975, he received an M.A. degree in legal studies from Sangamon State University.

Mr. Giuffre was appointed a Special Agent of the United States Secret Service in 1959 and assigned to the Indianapolis Field Office. Subsequently, he was transferred to the Presidential Protective Division in Washington, D.C. During his career he has served as Assistant to the Special Agent in Charge of the Vice Presidential Protective Division, and Assistant Special Agent in Charge of the New Orleans Field Office. As the Special Agent in Charge of the Springfield Field Office, he was responsible for the investigative and protective activities for the United States Secret Service in the Springfield, Illinois area. He also held the position of Assistant Special Agent in Charge of the Chicago Field Office.

Mr. Giuffre was appointed to the position of Deputy Assistant Director, Office of Administration, United States Secret Service in 1979.

Mr. Giuffre is married to the former Phyllis Livorno of Madison, Indiana. They have two sons and reside in Vienna, Virginia.

## SUMMARY STATEMENT OF DIRECTOR KNIGHT

Mr. KNIGHT. The pending appropriation request for fiscal 1981 totals \$159,241,000. The funds have been included in the request for mandatory and other increases necessary to maintain programs at the current operational levels. The Service is also requesting \$850,000 for technical security support of our protective operations and \$200,000 for a highly portable voice communications system at temporary protective sites.

The activities of the Secret Service have continued to expand in the past year. Travel by permanent protectees of the Service reached an unprecedented level. At the same time, several major diplomatic events occurred, resulting in extended periods of protection provided foreign dignitaries visiting this country.

Among these special events were included the 34th General Assembly of the United Nations, the visit to the United States by Vice Premiers Deng Xiaoping and Fang Yi of the People's Republic of China, the visit to the United States by Premier Fidel Castro of Cuba, and the visit to the United States by Pope John Paul II. The latter event was unprecedented in terms of manpower requirements and logistical demands for a single foreign dignitary.

During the current fiscal year, as of February 29, 1980, the Service provided protection for 46 foreign dignitaries visiting the United States, all of whom were heads of a foreign state or government.

Each year the Service relies heavily on the assistance and cooperation of local, State and Federal law enforcement agencies to ensure the maximum security for visiting foreign dignitaries and permanent protectees. Without their support, our effectiveness would be seriously impeded.

I would like to mention here that there have been instances where State and local agencies, as a result of budgetary constraints, have been unable to fulfill totally our requests for assistance.

This fiscal year finds the Service dedicating a major portion of its resources toward Candidate and Nominee protection. At the direction of the Secretary of the Treasury and upon the recommendation of the Advisory Committee, Candidate protection commenced much earlier than planned.

In addition to being the backbone of our investigative operations, the special agents assigned to our field offices are frequently utilized for temporary protective assignments.

In the face of increasing amounts of travel out of district and all too frequent 16-hour shifts, the Special Agents operating out of our field offices were able to sustain a credible law enforcement program as well as substantially augmenting the protective requirements of the Service in fiscal year 1979.

In summary, Mr. Chairman, the workload and protective responsibilities of the Secret Service continued to expand and take on new dimensions this past year. The additional demands of the Candidate and Nominee program will exacerbate the conflicting demands upon our resources this year. Fiscal year 1981 will mark the culmination of this massive protective effort and the reallocation of resources to our investigative responsibilities.

The budget request before you contains only those amounts which are absolutely necessary for carrying out the programs for which the Service is responsible.

In this regard, I am grateful to your committee for the support given us over the years. Your support and understanding of our needs is very much appreciated by all of us in the Secret Service.

Mr. Chairman, this concludes my statement. I will be pleased to answer any questions you or the other members of the committee may have.

## CANDIDATE AND NOMINEE PROTECTION

Mr. STEED. How many candidates for President are you protecting?

Mr. KNIGHT. As of this date we are protecting five candidates. Mr. STEED. Have you had some that are no longer being protected?

Mr. KNIGHT. We have had one in that category, Mr. Chairman. Mr. STEED. And you don't anticipate any more becoming eligible?

Mr. KNIGHT. That is difficult to say. I am not sure whether we can count on that or not. Mr. Davis, do you know what the status is on any of the other Candidates that might be in the offing?

Mr. DAVIS. There is only one other Candidate who has qualified under the guidelines and who has declined protection as of this date. It is difficult to predict whether there might be some other Candidate emerge at some later time. But we do not know of any others who it seems likely will qualify. But, again, it is not a very predictable business in terms of trying to assess who might be Candidates at a later time.

Mr. KNIGHT. Mr. Chairman, as I am certain you recognize, when I get into this area I am not in my field of expertise, however, I think we have to be cognizant of the possibility of a third party candidate after the conventions.

Now I am not suggesting for a minute that there will be a third party candidate. I am just suggesting that we have to be prepared in case that event comes to pass.

## CANDIDATE AND NOMINEE TRAVEL

Mr. DAVIS. Hasn't it been true that because of all the primaries and caucuses in the different states that the people being protected have been moving around a lot more than normal and that has added to your travel budget impact?

Mr. KNIGHT. That is quite true. Mr. Chairman, as I indicated in my opening remarks, the travel that we have seen during this election campaign period has exceeded anything we have ever experienced going back to the 1968 campaign when we first became involved in Candidate and Nominee protection.

Mr. STEED. Dollarwise, up to this time, are you running considerably ahead of your records compared to four years ago?

Mr. KNIGHT. We certainly are. We are exceeding, I think, in almost every category the expenditures for the last campaign. This is partially attributable to what we just discussed, the increased mobility of the Candidates. Also, inflation has affected us in every area. The cost of hotel accommodations has increased, while air

fares went up 2½ percent in March, alone. Salary costs have also increased every year.

So all in all it is a much more expensive campaign this time than it ever has been.

#### FISCAL YEAR 1980 SUPPLEMENTAL

Mr. STEED. Now, it seems to me that when we decided on the 1980 budget, and the estimates were based on the best information and expectation from experience that you could have, we under-shot what actually happened in terms of visiting dignitaries and other situations that made impacts both on your manpower and on your travel and other expense items.

What is the status of your 1980 budget at this time?

Mr. KNIGHT. Well, we have requested a supplemental. Mr. Weinstein, you testified on that before this committee.

Mr. WEINSTEIN. Yes, sir, I testified here on our supplemental for 1980. It is my understanding that it has been marked up and it is now pending our testimony in the Senate on April 17.

Mr. DAVIS. I think, Mr. Chairman, as we testified last month on the supplemental, that the Service is in particular need of that. One of the key items, for example, is when you put together a budget, it is very difficult to know 18 months ahead of time that Fidel Castro will decide to come to the United States. He did decide to come. Our obligation is not to encourage or discourage, whether it be a visiting dignitary or a permanent protectee, to travel but to be there to do the job. When Mr. Castro came, it was an example of the enormous unplanned monetary and manpower expenditures that were called forth to provide the critical security for him.

#### EARLY START OF CANDIDATE AND NOMINEE PROTECTION

Mr. KNIGHT. In that connection, Mr. Chairman, I think the record should show that the Secret Service came to this committee at the time of our fiscal year 1980 budget hearings proposing a starting date for our Candidate/Nominee activities of March 1, 1980, which we thought at that time was reasonable and prudent.

The realities are that we were required to initiate Candidate and Nominee protection in September and November of 1979. Neither the Secret Service nor this committee had any control over that development.

Mr. STEED. Well, in order to try to cope with some of those problems that you knew might occur but you were not sure would, we tried, I think, in the Act to give you a safety valve in the fact that permission for you to exceed the ceilings could be taken by you if you got permission of the two committees, the House and Senate.

When the request was made we, of course, readily granted the permission.

Mr. KNIGHT. We appreciate that very much, Mr. Chairman.

Mr. STEED. I don't know whether you were able to—

Mr. DAVIS. We have not officially received a response from the Senate, but we expect no difficulty.

#### REIMBURSEMENT TO STATE AND LOCAL GOVERNMENTS

Mr. STEED. I should hope not because obviously these are problems over which no one has any control and which cannot be ignored and must be met. It is just a matter of simple common sense, I think, to take what action is necessary to meet it.

We changed the language on this problem of permitting you to reimburse State and local governments when you call upon them for help. How is that new version working out? Is it taking care of the problem?

Mr. DAVIS. I think that the new language has been very helpful and has been justified. I have sitting on my desk now bills to pay as a result of it. We will be paying substantial bills relating to various visits. I think that the committee recognized when it put in that language that the intent of the original statute was to really deal with the problems of very heavy financial pressures which are put on particularly the United Nations host city when foreign dignitaries arrive. Again, the example is the trip of Premier Castro. The New York City Police Department literally supplied thousands of officers to make sure that nothing happened to Mr. Castro.

#### OVERTIME

Mr. STEED. This sort of thing happens frequently enough that you would never dare to try to go through a whole fiscal year without having some method of coping with unexpected things that come up. Otherwise you could be caught in really serious binds. I think you are always going to need a safety valve situation of some sort to meet the unexpected.

Now what is the overtime impact on your payroll with the situation you have been going through, both with the visiting dignitaries and the United Nations and the candidate protections? Has that been heavier than usual?

Mr. KNIGHT. That is probably where we experience some of our greatest unbudgeted costs, in the area of overtime. As you know, we make every possible effort to carry out these protective responsibilities with the minimum number of people. Sometimes when unexpected or emergency situations arise, it is necessary to work the agents in an overtime posture. We have had many meetings internally in the Secret Service about the problem of overtime and what it is costing us and costing the taxpayer.

I can assure you that we very carefully examine every expenditure for overtime salaries. But you put your finger on a very difficult problem, which is how to control overtime costs and still handle the protective responsibilities we are supposed to take care of.

#### REIMBURSEMENTS TO OTHER GOVERNMENT AGENCIES

Mr. STEED. I know that you have utilized agents from other government agencies where you can and where necessary. Are there any reimbursements to those agencies that you have to make?

Mr. KNIGHT. Yes, sir. We do reimburse them for what might, for lack of a better term, be called out-of-pocket expenses. This primar-

ily consists of their overtime costs, travel costs, and per diem. The employing agency still retains the obligation for basic salaries.

#### BELTSVILLE TRAINING FACILITY

Mr. STEED. Let's turn to the Beltsville training facility. Has it been serving your needs and what shape is it in?

Mr. KNIGHT. As I previously testified, the Beltsville facility is probably one of the best things that has happened to the Secret Service as far as I am concerned in the last 10 or 12 years. It is now aging. We do have some problems with maintenance and upkeep. We are in the process of submitting budgets and making proposals for some major repairs.

Mr. Weinstein, can you expand on that?

Mr. WEINSTEIN. Well, we have plans this current fiscal year for the maintenance, painting, and repairing of some of the facilities at Beltsville. In addition, there is currently a study underway which was authorized by the Treasury Department to examine the possible use of some additional land which is contiguous to the space we now utilize. This land could be used to expand some of our present programs such as defensive driving and simulated attacks on a principal. We are hopeful that this expansion will come to pass.

#### EASTERN REGIONAL FIREARMS AND MARKSMANSHIP COMPETITION

Mr. KNIGHT. I might just add to that. An unexpected benefit from the Beltsville facility has been the opportunity and the privilege of the Secret Service for the last four years to host the Eastern Regional Firearms and Marksmanship Competition. I make it a point to visit that competition every year when it is held. The people whose word I respect, those that are in the business of conducting these firearms competitions, tell us that it is probably the best meet in the country both from our own personnel who conduct it, but more importantly from the facilities that are available there.

#### BELTSVILLE TRAINING FACILITY

Mr. STEED. This remarkable creation that became, I think, the only one in the world that is an indoor/outdoor facility all at the same time, has it met all the needs that you have? I know it has been a very versatile and very cleverly arranged facility.

Mr. KNIGHT. Yes, sir, it has in the sense that we avail ourselves of every possible opportunity to do our training out there, both basic training and advanced training.

We also, however, have some additional training that we would like to conduct which requires some additional space. We are now in the process of reviewing with Treasury, in consultation with the General Services Administration, what that might cost. Hopefully, questions about land utilization should be resolved within the next month or so, at which time we will be back to our folks in Treasury with a proposal which eventually perhaps will come before this committee.

#### PROVISIONS OF FIREARMS TRAINING

Mr. STEED. Aside from hosting a meet and that sort of thing, do you have any way to share this facility with other law enforcement people?

Mr. KNIGHT. Yes, sir. I think the last figures I saw on that was that we either train or participate in training personnel from approximately 20 other law enforcement agencies, mostly at the Federal level, but some at the State and local level.

Mr. STEED. Now for those stationed in the Washington area who need refresher or retesting on their firing ability, are you able to accommodate them?

Mr. KNIGHT. Yes, sir. We do all of our firing for quarterly qualification at the Beltsville facility. On that I think a word of explanation is appropriate.

Anyone in the Secret Service who is authorized to carry a firearm must qualify with that weapon at least once a month. Furthermore, on a quarterly basis he or she must attend the Beltsville facility where they spend in excess of an entire day involved in firearms training and marksmanship, not only during daytime but also at night, practicing night firing.

I don't know of any other facility in the area that could accommodate us and help us attain the high degree of skill and ability that we feel our personnel need.

#### PROTECTIVE TRAINING

Mr. STEED. How is your outdoor facility for training agents and protecting people who are in cars and mobile?

Mr. KNIGHT. That is also done at Beltsville. As you can imagine, we have utilized the present facility almost beyond its capacity in the training for Candidate and Nominee protective operations.

Part of our philosophy there, it might be of interest to you, is that we consider those persons assigned to a Candidate as a temporary detail. We think that each of them possesses the individual skills necessary to carry out that assignment, but they must undergo extensive training at Beltsville as an unit because the agents may come from any one of a number of cities. It is important that they learn to work together as a team, like a basketball team, so that each one knows what the other is going to do and what their capabilities are.

Therefore, we emphasize a combination of marksmanship training and team building to construct the protective details that are assigned on a temporary basis, whether it be for a Candidate or Nominee or a visiting head of state or government.

Mr. STEED. I notice from a visit I made out there once that you also had a collection of weapons of all types from different countries in the world. I would imagine that for your agents that is a helpful exposure to familiarize them with at least some of the more common of these worldwide weapons.

Mr. KNIGHT. More than that, Mr. Chairman, we feel that we have to know what is the latest in weaponry so that we can take the appropriate steps to negate that weaponry, whether we are talking about armoring or whether we are talking about tactics.



A great deal of our testing in terms of protective measures that we want to develop goes on at the Beltsville facility all the time.

#### WORLDWIDE TERRORISM

Mr. STEED. When we look at the overall situation in the world today we see hostages in an American embassy in Iran which a lot of the nations in the world are looking at as just another political thing and not a crime of the highest order we call, what I believe are highly skilled Russian-trained PLO and Cuban type agents, students. You have leaders of the country who get on television and face a world audience with a straight face and act like they have not committed any crime at all. At the same time they threaten the lives of the hostages if the United States doesn't get down on its knees and do things to suit them. You see an American Embassy burned in another country. You see a cardinal of the church murdered in the church in another country. You see an embassy raided and terrorists take over all the guests after the Communist country embassy people had been tipped off and left before they got caught. There appears to be some kind of a world-wide terrorist movement that is being perpetrated out of the Soviet Union with the training being done in the PLO camps and in Cuba.

Now with so many of the people that you have to protect traveling into these troubled areas and the fact that such terrorists do exist, the fact that terrorists will even raid a camp of Olympic athletes and kill them. All these things go on in the world, and you are in communication with your opposite numbers in other countries who have some of the same problems with their folks, what is the attitude of people with your problem these days?

Do you protect an American leader like the President or the Vice President or other important people when they travel in foreign countries now the same as you always did or do you find you have to have a broader view of all the problems that might occur?

Mr. KNIGHT. I think the latter is probably correct, that we utilize more of our resources now in overseas trips than we did before. The level of resources we commit to a foreign trip is determined by several factors.

One, and we have always done this, of course, is a detailed assessment as to the efficiency and effectiveness of the law enforcement forces of the host government.

Secondly, we must make a like assessment of their ability to know what is going on within the borders of their country. You have heard me testify before about the intelligence problems that we experience here in this country.

The bottom line is, and it is something that has bothered me for 30 years, that when we go beyond the United States we are in effect guests in the country which we are visiting. We have no legal statutory right to be there except at the sufferance of the host country.

I am happy to say that 99 percent of the time that really does not present a problem because over the years we have developed not only a close professional relationship with our counterparts overseas, but in many cases a personal relationship as well.

But you are quite correct, in these times of a rather explosive world situation, with all its unpredictability, we certainly feel that we have had to increase what we do compared to what we have done in the past.

Mr. STEED. Do you think that it is correct to say in this day and age that the President or the Vice President of the United States or the head of any other prominent country traveling on a friendly mission in any of the so-called civilized nations of the world couldn't be set upon by a band of terrorists and held captive and made victims of a political plot the way our hostages are being treated in the Embassy in Tehran?

Mr. KNIGHT. I don't think that is a fantasy at all, Mr. Chairman. I think that threat is a fact of life and one of the realities that we face day to day.

Mr. STEED. Is it reasonable to assume that terrorists that will do what they are doing would look with lavish eagerness upon an opportunity to make such a capture?

Mr. KNIGHT. I think that goes without saying. I am not going to name names, but I think some groups might feel that they could accomplish more in a posture of hostage taking than they could through an assassination.

Mr. STEED. To summarize, aren't we coming into an era, or are we already in it, of protection in which you are involved that is almost a whole new ball game than what it used to be?

Mr. KNIGHT. Yes, sir, it certainly is, not only overseas but I think in this country, too, as was evidenced by the attacks on the campaign headquarters of several of the Candidates for President within the past two weeks.

Mr. STEED. Mr. Miller?

#### FOREIGN DIGNITARY PROTECTION

Mr. MILLER. Thank you, Mr. Chairman.

You discussed the protection of foreign dignitaries and noted that we had visits from Pope John Paul II, two Vice Premiers from China, Fidel Castro, and 46 others. Yet I see in the testimony on page 5 where we had 111 visits which involved a head of a foreign state or government while 4 involved other distinguished visitors.

I saw in another place here on page 7 where you say, "Forty-six foreign dignitaries visiting the United States." So I guess there is a discrepancy there somewhere.

Mr. KNIGHT. I think I can clear that up for you, Mr. Miller. The figure of 46 dignitaries is for the current fiscal year that we are now in. The figure of 111 is for fiscal year 1979. So we have given you both figures.

#### PAYMENTS TO CAMPAIGN COMMITTEES FOR AGENT TRAVEL

Mr. MILLER. When it comes to protection of the candidates, could you give us an update? I had requested this information earlier and I guess it is public information. If someone wants to make any remarks about it, they will have to make it to me. I requested information about payments to campaign committees for travel of Secret Service personnel during the 1976 Presidential election.



Can we update that to 1980 now? I know that you have told us and we have it in the hearings on the supplemental, that there are several candidates that had charged you for Secret Service travel. Can you update that for us?

Mr. KNIGHT. Yes, sir, I can. As of March 17 we have received billings from Senator Kennedy in the amount of \$105,234. We have paid to Senator Kennedy exactly that amount.

As of that same date we have received from Governor Reagan billings in the amount of \$100,641. We have paid so far \$75,514. The difference of approximately \$25,000 was a recent billing which we are still auditing and reviewing.

Mr. MILLER. Just two?

Mr. KNIGHT. Yes, sir.

I should add that I am sure you understand that we have expended funds for travel for our agents who accompany the other Candidates, but because they are using primarily commercial aircraft, we are not receiving billings from anyone other than the normal aircraft carrier.

Mr. MILLER. It is a very complicated problem. I understand you have your agents at both ends and it is necessary to use the commercial airlines, but these are leased planes, or charter planes.

At least that will update us now. Well, that is a lot less than last election, up to this point at least.

It was mentioned, Mr. Davis, that there could be one other candidate that may receive Secret Service protection. Do you mind telling us who that is?

Mr. DAVIS. I think it came up during the supplemental hearing. Governor Brown has qualified under the Advisory Committee's guidelines but thus far has declined protection. Now there may be a question if he becomes ineligible for matching funds at some point as to whether or not he would still continue to qualify under the Advisory Committee's guidelines because they include a requirement for matching funds.

#### FEDERAL ELECTION COMMISSION

Mr. MILLER. When the Federal Election Commission personnel were in to justify their budgets, they told us there were 155 people that were running for President at that point. So maybe we have far more than that.

Do you have any indication?

Mr. DAVIS. No. I think we get most of our information from them as to the number of Candidates. I must say that while I have not heard from 155 asking for protection, I have heard from a goodly number of people who, as I think we have heard before, nobody in this room would recognize by name.

Mr. MILLER. And you are giving protection to everyone who legally deserves it?

Mr. DAVIS. That is right. We provide it to major Presidential and Vice-Presidential Candidates and we do it only after consulting with the Advisory Committee as required by the statute. I think the Advisory Committee's guidelines are geared to providing something to hold on to so that we would not be in the position of having to protect, really, non-major Candidates.

#### OVERTIME COSTS

Mr. MILLER. Our chairman covered overtime costs well, I would say, and you did, too other than one thing I am interested in. How many dollars are we talking about when it comes to overtime? What was expended for overtime?

Mr. KNIGHT. Are you talking about so far this fiscal year?

Mr. MILLER. Well, we had protection in the latter part of last year, a few months in this year. How can we clarify it for the record to show what we are doing? I guess what we need to do is to say whether it would be better to hire more people even temporarily, if that would be possible to do, because we could be asked that question when we bring it to the floor.

Maybe there is a problem in that you would have to train them, and then you would not be able to move them in that fast and back out again. Could you give us the amount of overtime for this year, if you have it.

Mr. KNIGHT. We can furnish that for the record.

Mr. MILLER. That would be fine, and while you are doing it, can we have it for last year?

Mr. KNIGHT. For last year or for the last campaign?

Mr. MILLER. Well, did we have overtime? You are speaking here about overtime in the campaign as a result of these manpower needs that could only be met through the use of 16-hour shifts and a suspension of days off.

Now that takes place primarily in the campaign. You do not have a problem of overtime in the off-years?

Mr. KNIGHT. We do incur overtime costs in the off-years but not in the magnitude that we are talking about during a campaign.

Mr. MILLER. Could we have it for the campaign?

Mr. KNIGHT. Yes, sir.

[The information follows:]

#### CANDIDATE AND NOMINEE OVERTIME

During the 1976 Presidential campaign the Secret Service spent approximately \$4,857,000 in overtime. This includes all overtime associated with the protection of candidates, nominees and their spouses, the Democratic and Republican Conventions, and the Inauguration. For the 1980 Presidential Campaign, as of February 29, 1980, the Service has incurred obligations for overtime in excess of \$696,000. This includes all overtime incurred by other Treasury agents in support of our candidate and nominee protective mission.

#### OVERTIME

Mr. MILLER. We have in another area, in Customs, the problem of overtime, and the question as to whether we should have the additional people, and appropriate money for that instead of the overtime. Some of the personnel are complaining about the demands made upon them. They were more concerned about their health than the money and I don't blame them a bit. But you have some authority for overtime and you have a system that you use.

Could you spell that out in the record so it would be compared against the others?

## HUMAN COSTS IN TERMS OF STRESS AND STRAIN

Mr. KNIGHT. Yes, sir. Let me comment on two aspects of the overtime problem.

First is the monetary cost of the overtime. For example there is the overtime that we were expending in the Uniformed Division. These are the uniformed officers at the White House and at the foreign diplomatic missions in the Washington metropolitan area. In December and January of this fiscal year I mandated a 50 percent cut in the overtime funds that they were expending because at the rate we were then proceeding, we could not continue without far exceeding budgeted funds.

I don't have to tell you that the only way we could do that was to reduce services so that there are now fewer officers on the street in the Washington metropolitan area.

Second, you mentioned not just the dollar costs of overtime but also the human costs in terms of stress and strain. I think that the stress is exacerbated when you are also in a travel status. It is difficult enough to be in a travel status and away from home, family and friends, without then being required to work extra long hours.

I think probably one of the most informative projects that I have ever commissioned was a study on the stress involved in the Secret Service. Excessive overtime certainly was one of the main contributors to stress in our employees. We are trying to take every step to alleviate these problems, if we can.

## MISSISSIPPI RIVER TRIP

Mr. MILLER. We have listed the trips made by the President. There must have been a half dozen last year.

On the President's trip down the Mississippi in August you say the Service utilized manpower resources from 15 field offices throughout the Midwest and Eastern United States. I guess you needed to do it because he was covering a lot of miles slowly. There must have been a terrific cost for that sort of thing.

Mr. KNIGHT. Yes, sir. For that trip down the Mississippi, we tried to take agents from offices in that geographical area, Memphis, St. Louis, New Orleans, rather than places like Seattle or Miami. This minimized travel costs.

Mr. MILLER. Do you have any figures as to what that trip cost?

Mr. KNIGHT. No, sir, I don't.

Mr. MILLER. I don't want you to spend a lot of time and people to put it together, but you can add an approximate cost to it.

[The information follows:]

## COSTS OF THE MISSISSIPPI RIVER CRUISE

The estimated cost for travel and transportation of Special Agents accompanying President Carter on his trip down the Mississippi River was approximately \$186,000.

## COUNTERFEITING

Mr. MILLER. We have heard about the counterfeiting activities, any you have a statement on this. But is it up, or going down? I know you had that \$4.5 million that was passed in Colombia and

you were able to correct that. But as a rule, is that an average problem or is that something that was much larger than most problems that you have on counterfeiting?

Mr. KNIGHT. As a general statement, counterfeiting is on the increase. As to the losses to the public, which are those people who are victimized, the dollar amount is probably remaining constant. When I say it is on the increase I am talking about the amount of seizures that the Secret Service is making prior to this counterfeit money being put into circulation.

Last year, a record year, we seized over \$46 million before it got into circulation. I think you will recall my testimony of a year or two ago involving Colombia and the counterfeit U.S. currency that was emanating from that country.

I really am pleased to tell you that just recently our Agents working with Colombian authorities in Bogota seized a counterfeiting plant, including the plates and the negatives and \$12 million in U.S. currency which was obviously intended for export.

Perhaps more importantly, I think it demonstrated and highlighted for the Colombian authorities their problem in this area because at the same time and in the same plant we seized 40 million pesos in counterfeit tax stamps and 100 million pesos in counterfeit Colombian bonds.

So they now see it as part of their problem as well as ours.

Mr. MILLER. You have not found anyone that wanted to duplicate the \$2 bill or the Susan B. Anthony dollar?

Mr. KNIGHT. No, sir, we have not.

## CHECK AND BOND FORGERY

Mr. MILLER. How about the financial securities the bonds and the checks that are stolen? It brings up a point because, the people who write the government check, the bureau of government financial operation, come before the subcommittee. They will be writing some 579 million checks, and there is bound to be some lost. Every month there are people who move, pass away, or move out of the country. All of those checks, including small checks such as Social Security and SSI, are not turned over to you to chase down, I hope?

Mr. KNIGHT. Well, if there is an allegation of non-receipt, if the payee claims they did not receive the checks and by examining either the original check or a photostat it was determined that someone did in fact endorse it and negotiate it, then a crime of forgery has taken place in which case it would be referred to us for investigation.

Now the philosophy about whether or not you investigate every check case or not differs from place to place. We feel that the independent, casual, one-time forger is not worth expending our time, effort and energy on.

On the other hand, I don't think we can afford to ignore an individual check because it may be that check which leads us to the multiple theft and forgery gang which turns these crimes into a money-making business.

I don't know if I have answered your question, Mr. Miller.

Mr. MILLER. I would guess that of the 579 million checks that they would lose 100,000. That is an awful lot of checks for you to run down.

Mr. KNIGHT. For every million checks issued, we can expect a certain number of allegations of forgery. But you will see from our chart that our check referrals recently have decreased, and that is, the workload coming in to us has decreased.

Mr. MILLER. Thank you.

#### ELECTRONIC FUNDS TRANSFER/DIRECT DEPOSIT

Mr. STEED. In that connection, at the same time they were telling us how many checks they were going to have to write to pay the government's bills, they also said that this electronic transferral of money, payments, had reached the 150 million unit count which would reduce the number of checks that they were writing a few years ago which was in excess of \$700 million down to \$579 million.

Can you determine whether or not any of the decrease in the forgeries resulted from the fact that there were that many fewer checks being issued?

Mr. KNIGHT. We don't happen to think so. Mr. Powis can elaborate on this. A lot of it depends on what types of checks are being transferred by electronic funds transfer or direct deposit. We don't think the SSI checks or those checks going into the high crime areas are those which are going to be in the program of electronic funds transfer. Most of our check forgery referrals come from, those high crime areas.

Mr. Powis, can you elaborate?

Mr. Powis. We did a study recently that indicates that the impact of EFT or direct deposit is only about one percent on the cases referred to us as forgeries at this time. So we don't see that impact to be very significant.

#### IMPACT OF PROTECTIVE RESPONSIBILITIES ON INVESTIGATIONS

Mr. STEED. Now, with that and the counterfeiting responsibilities that you have, and since counterfeiting doesn't seem to go away, has this sort of an explosion in demands on you for protective work depleted your resources to the point where you feel you are not keeping on top of counterfeiting and forgery?

Mr. Powis. In every campaign year certainly the resources are not there that we have in a normal year. The most recent figures we have indicate that our field offices are spending about 51 percent of their time on protection. So this still leaves 49 percent in the investigative area.

What we are doing in the present year and what we have done in the past is to make sure that we cover our priorities and that we have the people available to handle our major cases. We have done this in past campaigns. We are doing this in the present campaign. We have had a number of major counterfeiting cases that we have been able to successfully conclude in recent months in places like San Francisco, where four separate counterfeiting operations have lead to the seizure of over \$5 million; Miami; and the Colombian operation which has already been mentioned. We have had major seizures in Little Rock, Oklahoma City and Tulsa just within the

past five or six months. We have seized \$15 million in counterfeit money so far in the present fiscal year and closed 25 separate counterfeit plant operations.

#### NEW DEVELOPMENTS IN COUNTERFEITING TECHNOLOGY

Mr. STEED. Going back to the counterfeiting, we have had some discussions before about trying to make the currency either more difficult to counterfeit or easier to detect counterfeiting. I notice that the Federal Reserve Bank, the Bureau of Engraving and Printing and the Secret Service have entered into an arrangement with the banks of England, Canada and Australia to do some further study on the color copier concept. Does that indicate that you think there is a reluctance to get a new leg up on the problem of fighting the counterfeiter?

Mr. KNIGHT. I think that is a real possibility, Mr. Chairman. I think the record ought to show that given the current state of the art and color copiers, we are not at all certain that that poses a threat to the integrity of our currency or the other currencies involved. However, it would be short-sighted of us not to realize that the technology in this area is increasing by leaps and bounds and that we must be concerned about threats that might occur in the future. For that reason, as you have indicated, we are in consultation, very close consultation with our colleagues in the other three countries that you mentioned.

Mr. STEED. Do you have any guess at all or any information to indicate a time factor that this study would require in order to give you enough background to make a decision one way or the other?

Mr. KNIGHT. One of the factors in making a decision as to how long we should take to study this problem is when do we think the realities of a new, serious threat might appear. Right now we are estimating that at earliest it would be two to three years before there would be anything that should cause us any alarm. Without going into specifics I can assure you that we are far enough along in our research and cooperative venture that we will be well prepared before that time.

Mr. STEED. Going back to this counterfeiting problem and to the terrorist problem and all the other wild things people seem to be capable of doing to attack the western world, are you able to get enough contact with other countries that, for one reason or another, are lacking the expertise that you have revealed in a way that would help them learn more from you about how to fight this problem? In that regard they would be a better ally for you in case our currency was being manufactured as the situation was in Colombia. If it can happen there, it can happen other places. If it is a good way to make easy money, it might also be a good way to practice some other type of tactic, too.

Mr. KNIGHT. I think we have particularly in the United Kingdom, not to forget Canada and Australia, probably the best minds in the business as it relates to currency, its design, manufacture and distribution. I am comfortable with the people with whom we are working as it relates to any perceived threat at least on the counterfeiting front.

Mr. STEED. If my memory serves me right, a few years ago they had a real problem in France, to the extent that they changed their currency and made some revision in their production methods. Are you familiar with that and did that work out for them?

Mr. KNIGHT. I am familiar with the United Kingdom which had to change their currency during World War II. As far as I can tell they have pretty well eliminated the threat that arose at that time.

Mr. STEED. Well, it is a very interesting subject to know that this type of characters still try to copy the government's way of making money. I guess you have to keep telling the world that there are some ways of making money that are not very profitable.

Mr. KNIGHT. As a nation we face a unique problem not encountered by any other country inasmuch as our currency, the U.S. dollar, is acceptable almost anywhere in the world. Therefore it gets world-wide distribution. The same cannot be said for many other countries whose money can be spent only within the confines of that nation-state.

Mr. STEED. Well, just a final statement. Looking at the situation now and looking down the road, do you have any problems that money will not cure?

#### INCREASED PROTECTIVE RESPONSIBILITIES

Mr. KNIGHT. I am not sure, Mr. Chairman. Assistant Secretary Davis and I have been working on a problem about which I have been expressing my concern for some time. Over the past ten years we have constantly been given more and more protective responsibilities. When we have successfully coped with one responsibility, others have been added. In effect, we are being penalized for being efficient.

I will say it again. We have been penalized for being effective. We have been given responsibilities we did not want, that we wanted to resist. I am constantly on guard that this organization not ever lose sight of the fact for which it was originally established, that is to be an elite group of criminal investigators. I don't want this purpose to be skewed by getting too much protection and not enough of the other. That is something that we will have to work on together.

I must give Mr. Davis credit for, first agreeing with me; I think that shows a great deal of insight on his part; and, second, working with me to try to accomplish that.

Mr. STEED. In other words, you don't want the tail to start wagging the dog.

Mr. DAVIS. It is hard for me to do anything but agree at this point.

Mr. STEED. Mr. Roybal has some questions for the record at this time.

Well, gentlemen, on behalf of the subcommittee may I express our appreciation for your appearance and cooperation. It has always been a real pleasure to work with your particular agency and we are proud of the work that you do. We are also aware of the fact that the more effective you are, the less problems that a lot of other people are going to have. So we wish you well.

Mr. KNIGHT. Thank you very much.

Mr. DAVIS. Thank you very much.

Mr. STEED. We will recess at this time and reconvene at ten o'clock tomorrow morning.

[Questions submitted for the record by Mr. Roybal and the budget justifications follow:]

Mr. Roybal. You cite the fact that several major diplomatic events have occurred, resulting in extended periods of protection for foreign dignitaries visiting this country. With regard to Pope John Paul II's visit, however, I learned in this morning's paper that the city of Washington, D.C. will be forced to cover \$642,731 in costs. How is the cost of protection for foreign dignitaries apportioned between the Secret Service and local communities?

Mr. Knight. The Secret Service pays only for its costs related to the protection of a foreign dignitary. These costs include expenses related to the use of Service personnel and personnel from other Treasury agencies (i.e., ATF, Customs) and Departments (Defense). The Service also incurs costs for the ground transportation of a dignitary under its protection.

Mr. Roybal. What communities, other than New York City, received some sort of reimbursement for assistance to the Secret Service?

Mr. Knight. At this time, no other local government has received reimbursement for assisting the Service.

Mr. Roybal. How many communities provided unreimbursed services to the Secret Service and what was the value of those services?

Mr. Knight. Many communities have provided unreimbursed services in support of our protective operations. While no records are kept of the value of this support, the Service recognizes and appreciates the invaluable assistance local

governments provide in the form of crowd and traffic control.

Mr. Roybal. How many communities refused to cooperate and what were the consequences?

Mr. Knight. Travel by permanent and temporary protectees of the Service is increasing to unprecedented levels. As such, the Service has an increasing need for assistance from local governments. Because of budgetary restrictions, some local governments have not been able to provide the level of assistance the Service feels is necessary to provide a proper protective atmosphere for its protectees. Consequently, in these situations the Service must increase the manpower on its protective details to perform those functions which the local government cannot provide.

Mr. Roybal. You indicate that you met the extraordinary demand for manpower chiefly through assignments of extended periods of overtime. On the average, how many hours of overtime were assigned per agent?

Mr. Knight. On the average, each Special Agent worked approximately 685 hours of administratively uncontrollable overtime and regular scheduled overtime during the fiscal year 1979.

Mr. Roybal. How much money was paid out in overtime?

Mr. Knight. Funds in the amount of \$12,970,016 were paid out for administratively uncontrollable overtime and regular scheduled overtime during fiscal year 1979.

Mr. Roybal. The criteria a candidate has to meet before

he qualifies for protection has never been made clear to me. Are those criteria published anywhere and if so, please provide them to the Subcommittee for the record?

Mr. Knight. As you know Public Law 90-331 authorizes the Secret Service to protect all major Presidential and Vice Presidential candidates unless such protection is declined. That law does not define a major candidate or when protection should begin. To alleviate the problems experienced in the FY 1976 Campaign concerning who shall receive protection, the Advisory Committee issued guidelines to the Department of the Treasury. The guidelines define who shall qualify for protection and when it will commence. I am providing a copy of the Advisory Committee guidelines for the record, although it should be noted that the date set for commencement of protection, January 11, 1980, was eclipsed when protection of Senator Kennedy began in October, 1979 and Governor Reagan in November, 1979.

ADVISORY COMMITTEE GUIDELINES FOR  
ASSIGNMENT OF SECRET SERVICE PROTECTION TO  
PRESIDENTIAL CANDIDATES PURSUANT TO P.L. 90-331  
(1980 PRESIDENTIAL CAMPAIGN)

I. Introduction

P.L. 90-331 places upon the Secretary of the Treasury (the Secretary) responsibility for determining, from time to time after consultation with an Advisory Committee (the "committee"), those persons who qualify as a major Presidential and Vice Presidential candidate (major candidate) and thus should be furnished with Secret Service protection, unless declined. The Committee consists of the Majority Leader of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, and one additional member to be selected by the members of such Committee. These guidelines will assist the Committee in advising and the Secretary in determining who are the "major Presidential

or Vice Presidential candidates who should receive... protection..."

II. Persons Defined as Major Candidates

A. Nominees for Offices of President and Vice President

The nominees for the Office of President and Vice President of any party shall be deemed to be major candidates when the candidate for the Office of the President of that party in the preceding Presidential election received ten percent or more of the total number of popular votes received by all candidates for the Office of the President of the United States.

B. Candidates in Primary Elections

Prior to the national conventions of the candidate's party, a candidate seeking the nomination for President of a party shall be deemed to be a major candidate when:

- 1) the candidate has publicly announced his or her candidacy;
- 2) the candidate is seriously interested in, and actively campaigning on a national basis for the office for which his or her candidacy has been announced; and
- 3) a. the candidate has (i) qualified for and remains qualified for matching payments under Sections 9031 through 9042 of Title 26, U. S. Code in an amount of at least \$100,000 for the Presidential campaign for which nomination is sought (whether or not the candidate declines matching funds) and (ii) has received additional contributions totaling \$900,000 or more in compliance with the Federal Election Campaign laws; or  
b. the candidate, in two consecutive primary elections, has received at least ten percent of the total number of votes cast for all candidates of the same office in such primary election.
- 4) the candidate is seeking the nomination of a party whose nominee is eligible for protection under IIA.

III. Commencement and Duration of Protection of Major Candidates

- A. Commencement of Protection. No protection shall be furnished pursuant to P.L. 90-331 earlier than January 11, 1980. On or after such date, protection shall

be commenced forthwith upon a determination by the Secretary that a person is a major candidate.

B. Duration of Protection. Protection shall not be withdrawn so long as a major candidate continues to qualify under the terms of Section II.

IV. General

Nothing contained herein shall preclude the Secretary, after consultation with the Committee, from providing protection to a major candidate although the requirements and conditions contained in parts II and/or III of these guidelines have not been met.

Mr. Roybal. Once a candidate qualifies for protection, does he continue to receive protection until he makes a formal announcement, terminating his candidacy? If not, who decides to terminate protection and on what basis?

Mr. Knight. The Service may cease protection of a candidate without a formal announcement from the candidate. I believe this is discussed in Sections II and III of the Advisory Committee guidelines.

Mr. Roybal. So that we can get an idea of your workload, can you compare the number of visiting foreign dignitaries' titles (i.e., whether head of state or distinguished visitor) and the length of their stays during 1979, with similar data for the last three years?

Mr. Knight. Yes sir, the information follows:

Fiscal Year	1976	1977	1978	1979
Heads of State:				
Number	87	108	123	111
Total Days	554	525	697	594
Average Length	6.4	4.7	5.7	5.4

Other Than Heads of State:

Number	2	3	3	4
Total Days	26	20	32	23
Average Length	13.0	6.7	10.7	5.8

Total:

Number	89	111	126	115
Total Days	580	545	729	617
Average Length	6.5	4.9	5.8	5.4

Mr. Roybal. You indicate that during 1979 you lost 20 positions and that with the help of electronic devices, you have tried to achieve "a minimal loss of security." What do you consider minimal?

Mr. Knight. The Treasury Security Force originally was cut 20 positions. Based on a re-appraisal of security needs, two end-of-year positions were reinstated. However, neither the two permanent positions nor the associated funds were restored.

In achieving "a minimal loss of security" the Treasury Security Force has replaced lost physical presence with the next most effective means of security, a combination of electronic devices, i.e., alarms or video cameras and monitors coupled with a partial physical presence, i.e., part time manning of the post or routine patrols in the area. Although these devices are reliable, they present a minimal loss of security.

Mr. Roybal. Can you provide some examples of the type of security you are no longer able to provide?

Mr. Knight. Types of security that we can no longer provide affect many areas.

First, two entrances to Main Treasury remain closed, causing



reduced accessibility to the public and to Treasury employees.

Second, Treasury Security Force is no longer able to provide full time security for the Secretary of the Treasury while he is in the building. We now rely on more frequent patrols in the area of his office, coupled with response to any alarm he or his staff might initiate.

Third, the Treasury Security Force is no longer able to provide full time security at the Security and Transactions Office where the Bureau of the Public Debt sells securities. In the event of a problem at that location, the officer at the Pennsylvania Avenue door would be the nearest officer able to respond. To do so, he would have to abandon his post.

Seven posts were discontinued with the reduction in manpower, and one now has been restored although without funds or authorized permanent positions being provided. The loss of security has been minimized to the best of our ability. However, on any given business day at Main Treasury, there are 6 less uniformed officers to provide a physical presence and deterrent effect that is important to good security.

Mr. Roybal. What factors account for the fact that 20 percent of the counterfeit notes passed to the American public originate in Colombia, South America?

Mr. Knight. The United States has become the primary market for counterfeit U. S. currency manufactured in Colombia, South America. During FY 1979, a total of \$4,568,948 in counterfeit U. S. currency was passed on the American public. Of that amount, approximately 20 percent or \$925,750 was of Colombian origin

and could be appropriately labelled "Made in Colombia".

The first counterfeit U. S. currency of Colombian origin was identified by the Secret Service during 1963. Since then, a total of 170 different and distinct counterfeit notes have been detected and catalogued within the Secret Service. They have been grouped into five major families because they share common workmanship and printing defects - despite their differences.

The core of the Colombian counterfeit problem in the past has been the ineffective and virtually non-existent laws that relate to foreign currency. Generally, it was not illegal to possess or pass counterfeit foreign currency in Colombia. Manufacturing was the only violation specifically prohibited. In addition, an extensive black market and long history of smuggling and narcotics trafficking has complicated enforcement of counterfeit violations. There has been a lack of sufficient training of police officers.

In January 1979, a Colombian task force was created by the Secret Service and dispatched to South America with a base of operation in Bogota. The purpose was to evaluate our previous approach and to consider the merits of a permanent base of operation in South America. Throughout the six month task force, our agents were encouraged. They found a Colombian regime (elected on a platform of law and order) which was sympathetic to our problems and which expressed an interest in counterfeiting in general.

As a result of the Colombian Task Force, this Service has made a strong effort to maintain presence over the past fifteen



months. We feel that a foundation has been built. Our agents have contributed largely to the arrests of thirty defendants and the seizure of twenty million dollars in counterfeit U. S. currency. The latest plant suppression resulted in a 12 million dollar seizure of counterfeit U. S. currency and a 100 million peso seizure of various Colombian obligations as well as 40 million pesos in counterfeit tax stamps. It is noteworthy that Colombian authorities gave this most recent case priority treatment during a period where their police resources were heavily taxed due to the occupation of the Dominican Republic Embassy.

Our agents have seen marked improvement over the past fifteen months. Granted, conditions continue to exist which favor counterfeit activity. Hopefully, Colombians will be able to reverse the trend.

Mr. Roybal. Last year you indicated in response to one of my questions that less than 20 percent of the total value of your contracts was awarded competitively. Can you provide me with the 1979 figures?

Mr. Knight. Yes sir, I can. In fiscal year 1979 the Service awarded 53 contracts in the amount of \$2,264,375.06, of which 83% or \$1,884,604.90, were awarded on a competitive basis.

Mr. Roybal. Last year you informed me that you had formed a Minority Recruitment Review Group. Who are the members of the group and what positions do they hold within the Service?

Mr. Knight. The Minority Recruitment Review Group is composed of six Special Agents. The group consists of four Black males, one Hispanic male, and one White Female.

Mr. Roybal. How frequently do they meet?

Mr. Knight. No meetings are held on a recurring basis. However I meet with the group on an as needed basis.

Mr. Roybal. What recommendations, if any, have they made and how many of these recommendations have been acted upon?

Mr. Knight. The Minority Recruitment Review Group recommended the establishment of a structured affirmative action program for the recruitment of minorities and women for Special Agent positions. Also, the group recommended that it serve as an advisor to me on matters involving minorities and women. Both recommendations have been accepted and acted upon.

Mr. Roybal. I note that the Service employs no Hispanics in the Senior Executive Service and that your total GS workforce includes only 2.5% Hispanics. What specific steps are you taking, particularly under the Federal Equal Opportunity Recruitment Program and the Uniform Guidelines on Employee Selection Procedures, to expand your employment of this minority group?

Mr. Knight. In order to increase the representation of Hispanics in the Service's workforce, we vigorously recruited Hispanic applicants in Miami, Florida on December 5 to 13, 1979. Also, during the months of December 1979 and January 1980, we had a public service announcement televised on WTTG (Washington, D.C.) that was geared to Hispanic applicants. The Service's selection procedures are reviewed periodically in order to assure that Hispanics do not encounter disparate treatment for employment.

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1980  
(Dollars in thousands)

1980 Appropriation Enacted by Congress	-----
Adjustments:	-----
(1) Supplemental appropriation required for:	-----
pay increases	-----
program requirements	-----
Proposed Authorized Level for 1980	-----
Estimate, 1981	-----

Permanent Positions	Average Positions	Amount
3,588	3,528	157,000
---	---	7,100
---	---	13,550
3,388	3,526	177,650
3,588	3,526	159,241

**DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1961**  
(Dollars in thousands)

(Dollars in thousands)												
	Appropriation		Authorized Level		Budget Estimate		Increase or Decrease (-) or (+)					
	F. Y. 1978		F. Y. 1980		F. Y. 1981		Total Changes		Program Changes		Other Changes	
	Ave. Pos.	Amount	Ave. Pos.	Amount	Ave. Pos.	Amount	Ave. Pos.	Amount	Ave. Pos.	Amount	Ave. Pos.	Amount
1. Suppression of counterfeiting, investigating check and bond forgeries, protection of individuals, buildings and grounds, and safeguarding Government securities.....	3,549	136,417	3,526	174,150	3,526	155,741	--	-18,409	--	1,050	--	-19,459
2. Payments to State and local governments for protection of foreign diplomatic missions under extraordinary circumstances....	--	145	--	9,071	--	3,500	--	--	--	--	--	--
Unobligated Balance.....	--	6,482	--	--	--	--	--	--	--	--	--	--
Available for obligation from prior year appropriation.....	--	-3,716	--	-5,571	--	--	--	--	--	--	--	--
Total appropriation, authorized level and budget estimates..	3,549	139,328	3,526	177,650	3,526	159,241	--	-18,409	--	1,050	--	-19,459
Permanent positions established .....	(3,667)		(3,588)		(3,588)		--		(--)		(--)	

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1981  
(Dollars in thousands)

	Activity 1			Activity 2			TOTAL		
	Pos.	Ave.	Amount	Pos.	Ave.	Amount	Pos.	Ave.	Amount
<b>Program Changes:</b>									
1. Increase in technical security .....	---	---	850	---	---	---	---	---	850
2. Increase in communications programs.....	---	---	200	---	---	---	---	---	200
Total Program Changes.....	---	---	1,050	---	---	---	---	---	1,050
<b>Other Changes:</b>									
Increases necessary to maintain current levels:									
1. Net cost of within-grade salary increases required by statute .....	---	---	480	---	---	---	---	---	480
2. Grade-to-grade promotions for trainee to journeyman positions .....	---	---	211	---	---	---	---	---	211
3. To provide for full-year of pay increases authorized for part of FY 1980 .....	---	---	171	---	---	---	---	---	171
4. Increase in payment for Federal Buildings Fund.....	---	---	165	---	---	---	---	---	165
5. Increased cost of Federal Telecommunications & other communications...	---	---	368	---	---	---	---	---	368
6. Increase in cost of support services and facilities.....	---	---	704	---	---	---	---	---	704
7. Increased cost of vehicles for police-type use.....	---	---	120	---	---	---	---	---	120
8. Senior Executive Service .....	---	---	120	---	---	---	---	---	120
Subtotal, Other Increases .....	---	---	2,339	---	---	---	---	---	2,339

1/8/80

U. S. Secret Service, Salaries and Expenses

SUMMARY JUSTIFICATION OF FY 1981 BUDGET EXPENSES

The United States Secret Service is charged with the following responsibilities: Protection of the President of the United States, members of his immediate family, the President-elect, the Vice President or other officer next in the order of succession to the Office of the President, and the Vice President-elect, and members of their immediate families, unless the members decline such protection; protection of the person of a visiting head of a foreign state or foreign government and, at the direction of the President, other distinguished foreign visitors to the United States and official representatives of the United States performing special missions abroad; the protection of persons who are determined to be major Presidential or Vice Presidential candidates unless such protection is declined; upon request of a major political party, as determined by the Secretary after consultation with the advisory committee, the Secretary may authorize the U. S. Secret Service to furnish protection to the spouse of such major Presidential or Vice Presidential nominee, except that such protection shall not commence more than sixty days prior to the general Presidential election; the protection of the person of a former President and his wife during his lifetime, the protection of the person of the widow of a former President until her death or remarriage, and minor children of a former President until they reach sixteen years of age, unless such protection is declined; the detection and arrest of persons engaged in counterfeiting, forging or altering of any of the obligations or other securities of the United States and foreign governments; the investigation of personnel, tort claims, and other criminal and noncriminal matters as directed by the Secretary of the Treasury; the protection of the Executive Residence and grounds and any building in which the White House offices are located; the protection of the temporary official residence of the Vice President and grounds in the District of Columbia; the protection of foreign diplomatic missions in Washington metro-

politan area and such areas in the United States, its territories and possessions, as the President may direct on a case-by-case basis; protection of foreign diplomatic missions located in metropolitan areas (other than the District of Columbia) in the United States where there are located twenty or more such missions headed by full-time officers, except that such protection shall be provided only (A) on the basis of extraordinary protective need, (B) upon request of the affected metropolitan area, and (C) when the extraordinary protective need arises in association with a visit to or occurs at a permanent mission to an international organization of which the United States is a member or an observer mission invited to participate in the work of such organization; provided, that such protection may be extended at places of temporary domicile in connection with such a visit; and the protection of currency and other Government obligations that are contained in the Main Treasury Building and its Annex in Washington, D.C.

The Budget estimate for fiscal year 1981 reflects a total of \$159,241,000 which is \$18,409,000 under the proposed fiscal year 1980 authorized level of \$177,650,000. While most of this net decrease relates to nonrecurring protective activities, additional resources are required for both on-going protection and criminal investigations. Following is a summary of the increases requested by activity.

1. Suppression of Counterfeiting, Investigating Check and Bond Forgeries, Protection of Individuals, Buildings and Grounds, and Safeguarding Government Securities.

This activity covers all protective, investigative, and support operations of the Service. Funds included in this activity also provide for the protection of the Secretary of the Treasury. It continues

1/8/80

845

to be the policy of the United States Secret Service to utilize the most efficient, effective, and up-to-date techniques and equipment in carrying out the duties with which it is charged.

#### Security Responsibilities

In overall protective responsibilities, it has always been the policy of the Secret Service to commit the resources necessary to provide the maximum possible degree of security for protectees within available resources. Accordingly, \$850,000 is requested for technical security programs.

Funds totalling \$200,000 are required for an increase in the communications program. The requested funds will permit the purchase and maintenance of a highly secure, highly portable voice communications system at temporary protective sites.

#### Organized Crime

The Secret Service continues to concentrate on its fight against organized crime; however, no additional resources are requested for fiscal year 1981.

#### U. S. Secret Service Uniformed Division

The U. S. Secret Service Uniformed Division provides security for the Executive Residence and grounds, the protection of the temporary official residence of the Vice President and grounds, and any building in which White House offices are located; protection of the President and members of his family; protection of the Vice President and members of his family; protection of foreign diplomatic missions located in metropolitan areas (other than the District of Columbia) in the United States where there are located twenty or more missions headed by full-time officers, except that such protection shall be provided only (A) on the basis of extraordinary protective need

(B) upon request of the affected metropolitan area, and (C) when the extraordinary protective need arises in association with a visit to or occurs at a permanent mission to an international organization of which the United States is a member or an observer mission invited to participate in the work of such organization; provided, that such protection may be extended at places of temporary domicile in connection with such a visit; as well as foreign diplomatic missions in the Washington metropolitan area and such areas in the United States, its territories and possessions as the President may direct on a case-by-case basis.

In fiscal year 1981, no additional positions or funds are requested other than the amounts required for statutory increases.

#### Treasury Security Force

The Treasury Security Force provides security in the Main Treasury Building and its Annex which house large amounts of cash and negotiable securities. In fiscal year 1981, no additional positions or funds are requested other than the amounts required for statutory increases.

#### 2. Payments to State and Local Governments for Protection of Foreign Diplomatic Missions under Extraordinary Circumstances:

When an extraordinary protective need exists, payments to State and local governments can be provided for protection of permanent and observer foreign diplomatic missions attached to an international organization of which the United States is a member. Public Law 96-74 provides for reimbursement to be extended to cover protection for motorcades and other places associated with a qualifying visit.

846

59-636 0 - 83 - 54

## UNITED STATES SECRET SERVICE

### SALARIES AND EXPENSES

For necessary expenses for the operation of the United States Secret Service, including purchase (not to exceed two hundred and twelve for police-type use for replacement only) and hire of passenger motor vehicles; hire of aircraft; training and assistance requested by State and local governments which may be provided without reimbursement; rental of buildings in the District of Columbia, and fencing, lighting, guard booths, and other facilities on private or other property not in Government ownership or control as may be necessary to perform protective functions; the conducting and participation in firearms matches; (\$157,000,000, of which not to exceed \$750,000 shall remain available until expended, for payments to State and local governments for protection of permanent and observer foreign diplomatic missions, pursuant to Public Law 94-196 including costs of providing protection for motorcades and at other places associated with a visit qualifying under section 202(7) of title 3, United States Code; for travel of Secret Service employees on protective missions without regard to the limitations on such expenditures in this or any other Act: *Provided*, That approval is obtained in advance from the House and Senate Committees on Appropriations: *Provided further*, That funds appropriated herein will be available for repairs and alterations of the Beltsville, Maryland, facility and for research and development.

\$159,241,000
\$3,500,000

847

(3 U.S.C. 202, 203a; 5 U.S.C. 301; 18 U.S.C. 3056; Treasury Department Appropriations Act, 1980.)

1/8/80

6

U. S. Secret Service, Salaries and Expenses

SELECTED WORKLOAD DATA

Activities and Principal Workload Factors		1980 Program			Percent of Increase over 1980
		1979 Actual	In 1980 Budget	In 1981 Budget Estimate	
Cases Pending Beginning of Year	Counterfeit Cases	3,377	4,077	2,710	8,610
	Check Cases	53,733	45,358	37,974	88,974
	Bond Cases	9,501	7,201	9,248	13,048
	Protective Research	803	803	823	823
	Other Criminal & Noncriminal	2,962	4,562	3,492	4,592
Total		70,376	62,001	54,247 <sup>a/</sup>	116,047
					114%
Cases Received	Counterfeit Cases	21,041	16,400	21,800	22,400
	Check Cases	65,322	101,500	92,400	85,000
	Bond Cases	9,966	10,185	10,300	10,300
	Protective Research	12,070	16,000	16,000	15,000
	Other Criminal & Noncriminal	19,563	26,550	22,000	21,100
Total		127,962	170,635	162,500	153,800
					-5%
Totals to be Investigated		198,338	232,636	216,747	269,847
					+24%
Cases Closed	Counterfeit Cases	20,556	8,450	15,900	22,600
	Check Cases	80,024	41,400	41,400	85,000
	Bond Cases	9,366	4,700	6,500	10,900
	Protective Research	12,022	15,700	16,000	14,000
	Other Criminal & Noncriminal	18,877	1,100	20,900	20,000
Total		140,845	71,350	100,700	152,500
					+51%

<sup>a/</sup>Investigations pending have been adjusted based on an audit of complete fiscal year processing.

1/8/80

7

U.S. SECRET SERVICE, Salaries and Expenses  
(Treasury Security Force)

	MANPOWER REQUIREMENTS				TOTAL
	8:00AM to 4:00PM	4:00PM to 12:00AM	12:00AM to 8:00AM	SUB-TOTAL	
<u>MAIN TREASURY BUILDING</u>					
7 days per week	8	5			
5 days, per week	12	3	5	18	
Weekly Manpower Coverage	20	8	5	33	
<u>TREASURY ANNEX</u>					
7 days per week	1	1	1	3	
5 days per week	1	0	0	1	
Weekly Manpower Coverage	2	1	1	4	
Total Weekly Manpower Coverage.....					37
Manpower Off Duty .....					11
<u>SUPERVISORY POSITIONS (The Main Treasury Building and the Treasury Annex)</u>					
Daily Coverage.....					7
Chief.....	3				
Captain.....	1				
Lieutenant .....	5				
Direct Civilian Support .....					1
<u>GRAND TOTAL MANPOWER REQUIREMENTS - 1901.....</u>					
					<u>56</u>

1/8/66



U. S. Secret Service, Salaries and Expenses

SUMMARY OF EMPLOYMENT  
(Number Average Positions)

Principal Categories	Actual 1979	Estimated		Increase for 1981		
		1980	1981	Total	Program Increase	Other
Special Agents .....	1,510	1,563	1,563	---	---	---
U. S. Secret Service Uniformed Division (Officers only)	851	813	813	---	---	---
Treasury Security Force .....	67	47	47	---	---	---
Executive .....	5	5	5	---	---	---
All Other .....	1,076	1,098	1,098	---	---	---
Total Average Positions .....	3,519	3,526	3,526	---	---	---

850

1/9/80

**END**