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U. S. Department of Justice
Office of Legislative Affairs

*Bill - Review + let us
know what
should be*

Office of the Assistant Attorney General

Washington, D.C. 20530

12 JUL 1982

Kenneth M. Duberstein
Assistant to the President
for Legislative Affairs
The White House
Washington, D.C. 20500

Dear Ken:

Enclosed is a letter to the Attorney General, jointly signed by 27 Senators,* regarding multi-state regional intelligence projects. Also enclosed is a copy of the Department's response to the joint letter and additional pertinent information.

At issue is the fact that in Fiscal Years 1981 and 1982 Congress included in the Department of Justice appropriations funds to support the operation of six multi-state regional intelligence systems (plus a seventh which deals exclusively with major frauds relating to coal mining stocks). These appropriations have been forthcoming over the objections of the Administration, which has maintained that these intelligence systems should be financed by the state and local jurisdictions which participate in them. In addition, the Department of Justice has serious doubts concerning their usefulness and grave concerns regarding the financial integrity of some of the projects and their commitment to protect the privacy of very sensitive information about American citizens.

The Department's views regarding the multi-state systems have been presented to the Congress on several occasions, specifically to the Appropriations Committees and the House Government Operations Committee. It should also be observed that these projects have never been the subject of oversight by either Judiciary Committee nor has their funding been specifically authorized except through the appropriations process. Nevertheless, several Members of Congress have assumed the advocate role on behalf of the projects, and one of the multi-state systems - the Regional Organized Crime Information Center (ROCIC) - has been extremely aggressive in generating congressional support for its continued funding.

As noted in the Deputy Attorney General's response to the 27 Senators, the Department intends to administer the funds appropriated for these projects in an efficient and professional manner, consistent both with the intent of Congress and the Department's responsibility to maintain fiscal integrity. At the same time, however, we feel it important to reiterate our deep concern about having imposed

on the Department an oversight role over projects it has no effective means of supervising and which are properly within the province of State and local law enforcement.

Please let me know if you desire additional information.

Sincerely,

RS

Robert A. McConnell
Assistant Attorney General
Office of Legislative Affairs

Enclosure

cc: Fred F. Fielding
Counsel to the President

Michael M. Uhlmann ✓
Special Assistant to the President

*Eight more senators signed a supplemental letter.

United States Senate

WASHINGTON, D.C. 20510

June 18, 1982

Honorable William French Smith
United States Attorney General
Department of Justice
Washington, D.C. 20530

RE: Multi-State Regional
Intelligence Projects

Dear Mr. Attorney General:

This is to bring to your attention our concern about the grant of funds to multi-state regional intelligence projects. These projects offer an innovative and aggressive approach to the problem of dealing with organized crime. They provide a sophisticated information network which makes state and local law enforcement more effective in dealing with traveling criminals and groups organized for criminal purposes.

Generally, the multi-state regional intelligence projects were organized with an LEAA grant on an experimental basis. In anticipation of termination of LEAA funding, the Department of Justice authorization bill for Fiscal Year 1980 was amended to provide \$5-million in funding for the projects. In Fiscal Year 1981, \$12.5-million was authorized and \$9.5-million appropriated. The Continuing Resolutions enacted by the Congress for Fiscal Year 1982 have appropriated \$5.7-million in funding for these projects.

At no time has the Department of Justice or the Office of Management and Budget requested or supported funding for the projects, while congressional support for the federal funding of these projects has been and remains strong. Last year in the House, H. Res. 166 was introduced with fifty-five cosponsors expressing the sense of the House of Representatives that funding for the projects be continued. The Senate, too, has consistently supported appropriations for these necessary functions.

Beyond the issue of funding, however, is the problem of how the Department of Justice has managed the funds appropriated by Congress. We have been advised of repeated instances in which funds have not been made available to the projects on a timely basis because of administrative delays.

For example, it appears that audit questions have been raised at the last minute in an attempt to force the shut down of some of the projects. Further, it is our understanding that

there may be efforts by the Department to defer or reprogram current funding to close down the projects. Finally, questions have been raised about the attachment to the grants of special conditions that will unduly restrict the projects' operations.

Mr. Attorney General, we recognize there may be a difference of opinion about whether these projects should be funded. However, once Congress appropriates the funds, we expect that the Department of Justice will administer the program in a way that is consistent with congressional intent. If there are problems such as the audit questions, they should be resolved on a timely basis so that the problems can be corrected and the projects continued without disruption.

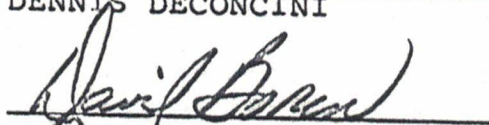
We believe that these projects are an important component in the federal law enforcement effort. Since we know that you and the President are committed to improving law enforcement in this country, we are certain you share our interest that the projects be allowed to operate effectively.

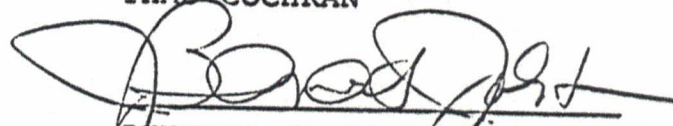
We would like to have your response as to the intentions of the Department of Justice with respect to the orderly administration of this program.

Sincerely,

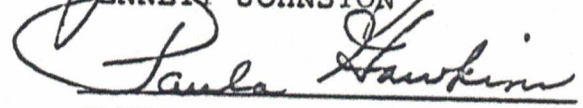

DENNIS DECONCINI

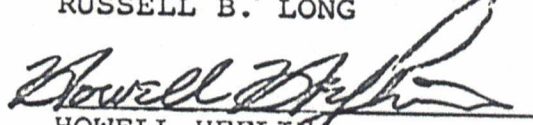

THAD COCHRAN


DAVID BOREN


BENNETT JOHNSTON

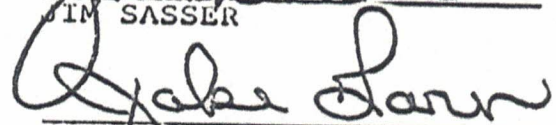

RUSSELL B. LONG

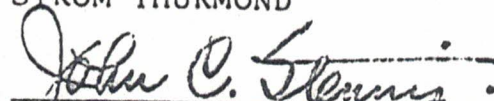

PAULA HAWKINS


HOWELL HEFLIN



JIM SASSER

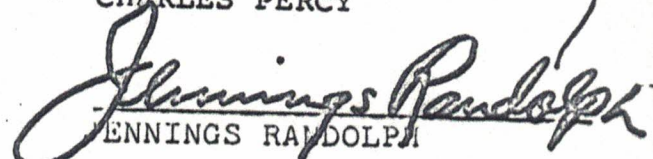

STROM THURMOND


JAKE GARN


JOHN C. STENNIS


CHARLES PERCY


WENDELL H. FORD


JENNINGS RANDOLPH

Harrison Schmitt
HARRISON SCHMITT

Howard Baker
HOWARD BAKER

John Heinz
JOHN HEINZ

Quentin Burdick
QUENTIN BURDICK

Orrin G. Hatch
ORRIN G. HATCH

John M. Danforth
JOHN M. DANFORTH

Daniel K. Inouye
DANIEL K. INOUYE

Warren Rudman
WARREN RUDMAN

Howard Cannon
HOWARD CANNON

John Melcher
JOHN MELCHER

Paul Laxalt
PAUL LAXALT

Ted Stevens
TED STEVENS

Claiborne Pell
CLAIBORNE PELL

United States Senate

WASHINGTON, D.C. 20510

JULY 8, 1982

RECEIVED

JUL 09 1982

O. L. A.

Honorable William French Smith
United States Attorney General
Department of Justice
Washington, D.C. 20530

RE: Multi-State Regional
Intelligence Projects

Dear Mr. Attorney General:

This is a follow up on and supplementary to our letter of June 18, 1982. The Senators that have signed this supplementary letter wish to add their support to the concerns expressed in the June 18 letter as follows:

This is to bring to your attention our concern about the grant of funds to multi-state regional intelligence projects. These projects offer an innovative and aggressive approach to the problem of dealing with organized crime. They provide a sophisticated information network which makes state and local law enforcement more effective in dealing with traveling criminals and groups organized for criminal purposes.

Generally, the multi-state regional intelligence projects were organized with an LEAA grant on an experimental basis. In anticipation of termination of LEAA funding, the Department of Justice authorization bill for Fiscal Year 1980 was amended to provide \$5-million in funding for the projects. In Fiscal Year 1981, \$12.5-million was authorized and \$9.5-million appropriated. The Continuing Resolutions enacted by the Congress for Fiscal Year 1982 have appropriated \$5.7-million in funding for these projects.

At no time has the Department of Justice or the Office of Management and Budget requested or supported funding for the projects, while congressional support for the federal funding of these projects has been and remains strong. Last year in the House, H. Res. 166 was introduced with fifty-five cosponsors expressing the sense of the House of Representatives that funding for the projects be continued. The Senate, too, has consistently supported appropriations for these necessary functions.

Beyond the issue of funding, however, is the problem of how the Department of Justice has managed the funds appropriated by Congress. We have been advised of repeated instances in which funds have not been made available to the projects on a timely basis because of administrative delays.

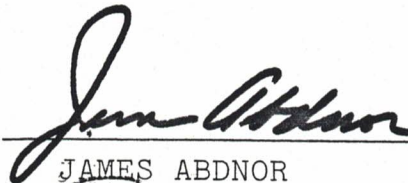
For example, it appears that audit questions have been raised at the last minute in an attempt to force the shut down of some of the projects. Further, it is our understanding that there may be efforts by the Department to defer or reprogram current funding to close down the projects. Finally, questions have been raised about the attachment to the grants of special conditions that will unduly restrict the projects' operations.

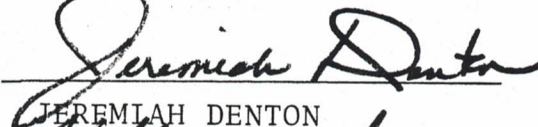
Mr. Attorney General, we recognize there may be a difference of opinion about whether these projects should be funded. However, once Congress appropriates the funds, we expect that the Department of Justice will administer the program in a way that is consistent with congressional intent. If there are problems such as the audit questions, they should be resolved on a timely basis so that the problems can be corrected and the projects continued without disruption.

We believe that these projects are an important component in the federal law enforcement effort. Since we know that you and the President are committed to improving law enforcement in this country, we are certain you share our interest that the projects be allowed to operate effectively.

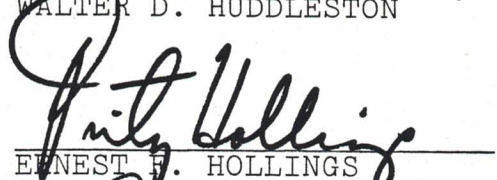
We would like to have your response as to the intention of the Department of Justice with respect to the orderly administration of this program.


Sincerely,


JAMES ABDNOR

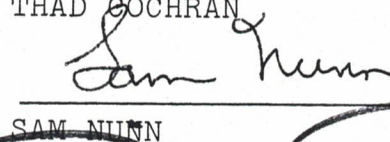

JEREMIAH DENTON

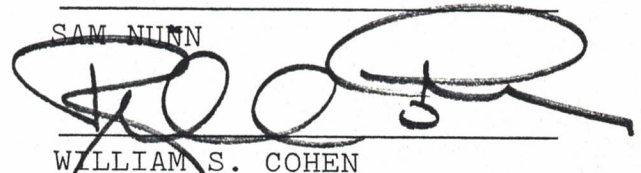

WALTER D. HUDDLESTON

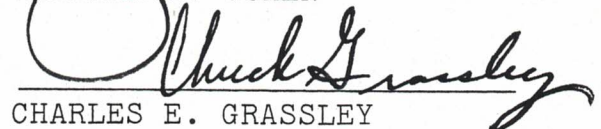

ERNEST F. HOLLINGS


LARRY PRESSLER


THAD COCHRAN


SAM NUNN


WILLIAM S. COHEN


CHARLES E. GRASSLEY

TO: ALL ROCIC MEMBER AGENCIES
FROM: REX P. ARMISTEAD
DATE: 3-25-82

The U. S. Department of Justice has refused to issue Grant funds to operate ROCIC beyond the current Grant expiration date of March 31, 1982. The reason given is that ROCIC has not responded to an on going Audit that began on March 23, 1981. The final report of which was received by ROCIC on March 12, 1982, only nineteen days before the current grant expires. ROCIC has now replied to the Final Audit on March 24, 1982 taking only five days to respond to a Justice Department Audit that took almost exactly a year to conduct. In OJARS Manual M.7100.1B it states: "e. Uncleared Audit Reports. It is the policy of the grantor agency that it WILL NOT award a categorical grant to any applicant who has an uncleared audit report on prior grantor agency awards. Every applicant for funding is on notice that unless prior audit reports are cleared, their application can be rejected for that reason. Exceptions to this policy may be granted by the Audit Review Committee under the following situations:

- (1) Audit Finding under appeal;
- (2) Audit Report has been resolved but not cleared and applicant agrees to correct deficiency, or to make payment; or
- (3) Uncleared audit report does not negatively impact the programmatic, administrative and financial capability of the applicant to administer Federal funds and achieve project objectives."

In addition, the Justice Department plans to seek approval to divert the 5.4 million dollars of new money Congress earmarked for all multi-state projects including ROCIC, to other Justice programs. That, of course, would mean the end of all the multi-state projects. We urgently request that you contact your U. S. Senators and Representatives and ask that they:

- 1) Insist that the Justice Department fund the new ROCIC grant;
- 2) Prevent the Justice Department from diverting funds designated by Congress to fund multi-state projects; and
- 3) Be aware that Robert Diegelman, Acting Director of OJARS has the authority to grant an exception thereby granting the award to be made.

If this action is to be successful, it must be taken immediately.



U.S. Department of Justice
Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

July 9, 1982

Honorable Paul Laxalt
United States Senate
Washington, D. C. 20510

Dear Senator Laxalt:

This is in response to your letter, jointly signed by other Senators, concerning the multi-state regional intelligence projects. We appreciate both the expression of your interest and the opportunity to outline the views of the Department of Justice regarding these projects.

The drafter of the letter circulated for signature by you and others apparently drew upon erroneous information which inaccurately describes the position of the Department regarding the multi-state systems. Moreover, the views expressed appear to be based on several assumptions which are, at the very least, open to question. Assertions virtually identical to those contained in the joint letter were widely circulated several weeks ago by one of the multi-state systems--the Regional Organized Crime Information Center (ROCIC)--immediately following issuance of an audit report containing serious findings relating to ROCIC operations. In a mailing to the ROCIC membership, the project director urged them to ask Members of Congress to "insist that the Justice Department fund the new ROCIC grant," notwithstanding the serious audit findings.

In response to the four basic assertions contained in the joint letter, the following information is submitted.

- 1) Although the letter refers to "repeated instances" in which funds have not been made available to the projects on a timely basis because of administrative delays, we are aware of only two attributable to the Department.

In one instance, the project director of the Rocky Mountain Intelligence Network (RMIN) was under criminal investigation by Arizona authorities for misuse of Federal and state funds. The project director resigned and following receipt of assurances that major improvements were being made in the project administration and financial record-keeping, Federal funds were promptly made available to keep the project in operation.

RMIN is still trying to account for some \$200,000 in previously awarded funds.

The second instance of delay affected the Regional Organized Crime Information Center (ROCIC) and resulted from findings by the Department of Justice auditors which raised serious questions concerning the disbursement of confidential funds (payments to police informants, etc.) and the unauthorized participation of project personnel in criminal investigations. The completion of the audit happened to occur just a few weeks prior to the time the project was due for continuation funding. Consequently, the normal grant processing was interrupted, inasmuch as there is a prohibition against awarding new grant funds while unresolved audit findings pertain to a prior grant. The Department, however, promptly gave ROCIC a "no cost extension" to its existing grant and followed that up with short-term award of additional funds to assure continued operation of the project while the audit findings were resolved.

An on-site visit to ROCIC by representatives of DEA, the Criminal Division and the Office of Justice Assistance, Research, and Statistics was completed in the first week of June and the balance of funds for the current grant period have been awarded.

Other instances of delay in providing funds to the multi-state systems may relate to the fact that for the past two years the appropriation of funds for the projects has not occurred until long after the start of the fiscal year. You will recall that the FY 1981 appropriation for the period beginning October 1, 1980 was not enacted by Congress until December 16, 1980 and the FY 1982 continuing appropriation resolution was not finally passed until March of 1982, more than five months after the start of the fiscal year. The uncertainty generated by delays in the appropriations process have prevented the submission and processing of the projects' funding applications in a timely manner. In addition, the procedures governing grant programs such as the multi-state systems require that applications for continuation funding be submitted to the Office of Justice Assistance, Research, and Statistics 90 days prior to the expiration of the previous grant period. These projects have been consistently late in submitting their applications, causing the Department to telescope its grant review process and sometimes resulting in the award of continuation grants after the start of the new grant period.

- 2) The Department of Justice routinely audits the recipients of funds for which the Department is responsible to assure compliance with grant requirements and approved financial management practices. The Department does not conduct audits or raise audit questions "at the last minute in an attempt to force the shut down" of projects. Moreover, it might be observed that, if a grantee is properly administering its Federal grant and is able to fully account for the expenditure of funds, there would be no audit questions for resolution.
- 3) The Department is not seeking and has no plans to seek the deferral or reprogramming of funds appropriated for the regional intelligence systems. Funds were appropriated by Congress for the specific purpose of supporting the multi-state systems and the Department has no desire to thwart Congressional intent. We do, however, expect project personnel to comply with the grant requirements and to exercise proper management of the Federal funds.
- 4) Certain special conditions have been attached to the regional intelligence system grants. These special conditions relate to the accountability for confidential fund expenditures, the carrying of weapons by project employees, and the protection of the privacy and confidentiality of information collected, stored and exchanged by participants in the multi-state systems. The special conditions were formulated as a result of evidence that one or more of the projects were engaging in practices which were inappropriate or outside the scope of the projects. Complaints regarding the special conditions have been registered by only one of the six projects, ROCIC.

I believe the facts related above indicate that the Department is administering the regional intelligence system grants in full compliance with the intent of Congress and in a manner consistent with its responsibility to exercise effective stewardship of the funds appropriated by Congress.

The Department of Justice supports the concept of State and local governments exchanging intelligence information for the purpose of enhancing their own law enforcement efforts. The Department objects, however, to having imposed on it an oversight role over projects it has no effective means of supervising and which are properly within the province of State and local law enforcement. The Department has repeatedly expressed the view that these systems should no longer depend on Federal funds for their support. Since the inception of the multi-state systems, the Federal Government has provided a total of \$24,548,000 for their support with no matching funds required from the participating State and local jurisdictions. In testimony to the Appropriations Committees and in letters to various Members of Congress, we have expressed deep concern

regarding the cost-effectiveness of these systems, their protection of individual privacy rights, and their stewardship of Federal funds. These concerns expressed by the Department appear to conflict with several of the underlying assumptions reflected in both the joint letter and in past actions of the Appropriations Committees. These assumptions include the references to "a sophisticated information network" aimed at "traveling criminals and groups organized for criminal purposes", and which are "an important component in the federal law enforcement effort." There is reason to doubt that those phrases present an accurate description of all of the projects.

Although the multi-state systems differ vastly in organizational structure and focus, the largest and oldest of the systems-- ROCIC--may serve as an example of the reality versus the widely held impression regarding the projects.

The Regional Organized Crime Information Center (ROCIC) is currently headquartered in Memphis, Tennessee. Because it is a non-profit corporation rather than a unit of government, ROCIC is required to have a "host agency"-- a unit of State or local government willing to serve as the grant recipient and accept overall responsibility for the grant funds. Since 1973, ROCIC has had five different host agencies: the Mississippi Attorney General, the Jefferson Parish (Louisiana) Sheriff, the City of Memphis, the Attorney General of North Carolina and, currently, the City of Nashville. ROCIC is composed of 105 member law enforcement agencies in 13 southeastern and south-central states. One-third of its total membership consists of small communities and counties of less than 50,000 population. Among the 105 members are Conyers (pop. 4890), Georgia; Long Beach (pop. 7958) and Richard (pop. 3686), Mississippi; Brewton (pop. 6680), Alabama; Bastrop (pop. 15,405) and West Monroe (pop. 14,813), Louisiana; and Waxahachie (pop. 13,452), Texas.

Although participation by such low-population jurisdictions may be desirable, it is important to note that among the thousands of local jurisdictions that do not participate in ROCIC are many of the major law enforcement agencies in the region. In fact, most of the major population centers are not members of the ROCIC. There is, for example, no ROCIC participation at any point along the Texas-Mexico border. Except for the New Orleans area, there is no participating law enforcement agency along the southern Gulf Coast from Brownsville, Texas to St. Petersburg, Florida. Similarly, the Atlantic coastline from the Virginia border to Jacksonville, Florida is without any local participation in ROCIC. Further, Kentucky's total representation in ROCIC is comprised of two of the State's 120 counties; Missouri's membership consists of two municipal police departments, out of more than 500, and no county or state law enforcement agencies. The eleven Texas members of ROCIC do not include such major population centers as Houston, El Paso, Austin, Fort Worth or Corpus Christi.

Thus, the meager participation by local law enforcement agencies casts serious doubt on the assumption that ROCIC constitutes "a sophisticated information network" or has the capability to track highly mobile professional criminals throughout the region. The "sophisticated information network" appears to consist principally of WATS telephone lines installed in all of the members' offices and paid for with Federal funds. Moreover, an evaluation of the multi-state systems which is nearing completion shows that, despite ROCIC's name and the impression prompted by it, only seven percent of the services ROCIC has provided relate to organized crime.

Although the ROCIC is not necessarily typical of the multi-state intelligence systems, it is illustrative of the concerns underlying the Department's skepticism regarding their cost effectiveness, particularly in relation to other activities toward which Federal resources might be directed. In a letter of May 4, 1981 to the Senate Appropriations Committee, I noted that "an equal amount invested in any of the Department's law enforcement programs nets a greater return than would be realized from investing the same amount in these projects. Furthermore, there is no evidence that these projects have had a greater impact on crime than many other programs... which Congress has already decided to terminate." We continue to believe that, if the participating jurisdictions are convinced of the value of the regional intelligence projects, they should supply the necessary funds and accept responsibility for compliance with the principles of sound management and for the protection of individual rights.

In closing, let me emphasize that, notwithstanding the Department's grave reservations regarding the wisdom of continued Federal funding for these projects, it is our firm intention to administer the funds appropriated by Congress in an efficient and professional manner. Your interest in these multi-state systems and the views of the Department of Justice is appreciated.

Sincerely,



Edward C. Schmults
Deputy Attorney General



U.S. Department of Justice

Office of the Deputy Attorney General

Washington, D.C. 20530

July 9, 1982

IDENTICAL LETTERS SENT TO SENATORS:

Dennis DeConcini

Russell B. Long

David Boren

Howell Heflin

Strom Thurmond

John C. Stennis

Wendell H. Ford

Thad Cochran

Bennett Johnston

Paul Hawkins

Jim Sasser

Jake Garn

Charles Percy

Jennings Randolph

Harrison Schmitt

Howard Baker

John Heinz

Quentin Burdick

Orrin G. Hatch

John C. Danforth

Daniel K. Inouye

Warren Rudman

Howard Cannon

John Melcher

Ted Stevens

Claiborne Pell

James Abdnor

Jeremiah Denton

Walter D. Huddleston

Ernest F. Hollings

Larry Pressler

Sam Nunn

William S. Cohen

Charles E. Grassley

The Deputy Attorney General

Washington, D.C. 20530

FEB 12 1982

The Honorable Glenn English
Chairman
Subcommittee on Government Information
and Individual Rights
Committee on Government Operations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your letter to the Attorney General requesting comments from the Department of Justice on the Subcommittee's report "Outlook for Multi-State Regional Intelligence Projects."

As you may know, the Senate Committee on Appropriations, in its report accompanying the Fiscal Year 1982 appropriations bill for the Department, expressed concern that the participating state and local governments have demonstrated little interest in assuming responsibility for either the financial support or oversight of the regional intelligence projects. Further, the Committee called upon the Attorney General to "initiate discussions on the future of these projects with representatives of the appropriate State and local governments" and to report at the time the Department's 1983 budget request is presented to the Committee "a program for increased State and local support and routine oversight by an appropriate authority." These steps are currently underway and the information developed will likely be responsive to several of the recommendations of your Subcommittee.

The Department of Justice has no objection to the concept of State and local governments exchanging intelligence information for the purpose of enhancing their own law enforcement efforts. The Department does object, however, to the assumption of an oversight role over projects that it has no effective means of supervising and which are properly within the province of State and local law enforcement. As these programs have developed, the Department has grown increasingly skeptical about their cost effectiveness, their protection of individual privacy rights, and their stewardship of Federal funds. The Department's concern was expressed in a May 27, 1981 letter to the Chairman of the House Committee on Government Operations. Responding to the General Accounting Office report on the intelligence systems, the Department said: "Although it is appropriate that these projects interact with Federal law enforcement agencies, it must be recognized as paramount that each of these projects has been designed to serve the needs of State and local operating agencies within their areas. Federal direction has generally been limited to policies and procedures, not grant priorities or objectives. For a Federal agency to define a role for the projects vis-a-vis their

Federal counterparts would be contrary to their purpose." Thus, there is a fundamental dichotomy between the purpose of the original grant program and the role envisioned for the Department by the Subcommittee and GAO. It should be noted, nonetheless, that to the extent general oversight can be exercised by the Department, it has continued to be provided by the Intelligence Systems Policy Review Board.

Organizational placement of the Multi-State Regional Intelligence Projects is also a problem that was recognized in the December 1980 GAO report and the Senate's report on "Federal Drug Enforcement and Supply Control Efforts." At the present, LEAA and the Office of Justice Assistance, Research, and Statistics jointly administer these grants. With the termination of LEAA on April 15, 1982 and the expiration of the OJARS authorization at the end of fiscal year 1983, the Justice Department will have no organization remaining that has extensive experience with grant administration to monitor or evaluate these projects. DEA has a community of interests that parallels much of the work of these projects, but despite the best efforts of DEA, there remain many strained relationships. About a year ago the Senate ordered GAO to conduct an audit of the El Paso Intelligence Center (EPIC) administered by DEA in cooperation with eight other Federal agencies. GAO reported that EPIC was responsive to State requests and providing high quality data. This audit was conducted largely because DEA had been charged by the directors of the individual projects with not being responsive. (When the draft of the GAO report was received and it found that DEA had acted responsively, a decision was made by Congress, or within GAO, that it was not necessary to publish the audit findings.) Although a history of strained relationships does not bar DEA oversight of the Multi-State Regional Intelligence Projects, it would make the task more difficult. Furthermore, the LEVITICUS project which gathers intelligence on coal mining frauds, is a special problem because its activities are unique and unrelated to DEA's mission.

Protection of privacy is another cause for concern. As in all law enforcement, there is the need for a careful balance between giving the law enforcement officer the information he needs to pursue law violators and protecting the rights of individual citizens. For these projects, there is the unusual difficulty that they must, by their very nature, deal with unsubstantiated information and that judgements must be made about to whom such data are to be given. Each state must necessarily be the judge of what intelligence information will be provided to other law enforcement jurisdictions, either directly or through the Multi-State Regional Intelligence Projects, but once such data are exchanged there must be assurance that it will not be put to improper use. Although the various grants stipulate how information is to be guarded, the Department of Justice makes it quite clear that it is not equipped to provide any day-to-day operational oversight for these projects. There is plentiful evidence that such oversight is lacking. The Department's Internal Audit Staff, for example, indicates that for the Regional Organized Crime Information Center (ROCIC), unsworn officers may have engaged in investigative activities, a violation of the terms of the grant. The Department expressed its concern about privacy in its May 27 letter to the Committee by providing comments on the December 1980 GAO report when it stated: "Based on our review of the report, it is our concern that it does not adequately address the area of individual privacy. We believe it should have been covered as a major issue area. It is our understanding that this issue was also a major Congressional concern." However, when the Subcommittee on Government Information and Individual Rights held two days of hearings on these projects, there was almost no discussion on this crucial subject.

...over the rights of citizens to privacy, of course, must be weighed against the need to maintain a crime free society. We do not believe that this balance is disrupted by insisting that only duly appointed law enforcement officers have access to intelligence data collected in their jurisdictions and that the law regarding its use be clear. If Federal dollars are involved, Federal privacy standards must apply, but the ability to enforce such standards under a grant vehicle is extremely difficult. The Federal Government does not have and should not have any general authority over State and local law enforcement officials; however, Sec. 818 (c) of the Justice System Improvement Act of 1979 requires OJARS to develop and implement policy standards for criminal intelligence systems operating with funding under this legislation. To require the Federal government to develop and implement such standards and to enforce them only through a legal vehicle as loose as a grant is, to put it mildly, potentially explosive. It is unreasonable to expect the Federal Government to apply its privacy standards to the intelligence operations State and local officials may sponsor. Mere Federal involvement through funding raises the critical question of the adequacy of control in those projects and the potential explosiveness of this issue alone is sufficient to challenge the wisdom of continued Federal involvement. At risk here are the constitutional liberties and individual privacy rights of U.S. citizens.

The Department has made several observations about the track record of the Multi-State Regional Intelligence Projects. Intelligence projects in themselves do not produce arrests by law enforcement officials. They simply provide data that help others take action. Therefore, claims of success tend to overemphasize their role and to minimize the costs involved in identifying and apprehending criminals. We are more concerned, however, about the way some of these projects have been administered. The Department, for example, found that the financial records of the Rocky Mountain Information Network (RMIN) were in such disarray that they required reconstruction to see how much had been spent. A former official of this project is under investigation by the State of Arizona for the falsification of travel vouchers and procurement irregularities. In addition, financial irregularities have been noted in at least one other of these projects where the chairman of the policy board resigned amid allegations of misuse of state funds.


Paramount to all of the concerns described above, however, is a recognition of the fiscal realities which demand that the Department concentrate available resources toward the achievement of its primary mission, the enforcement of Federal laws.

During the several years of controversy surrounding the funding of these projects, the Department has grown progressively more skeptical about their cost effectiveness, particularly in relation to other activities toward which Federal resources might be directed. With decreasing resource levels for most Federal law enforcement agencies, the Administration has recognized that an equal amount invested in other law enforcement programs would have a greater utility in relation to Federal law enforcement responsibilities than an equal investment in the regional intelligence projects. In testimony before the Subcommittee, for example, the DEA representative made it clear that he would rather have the money spent to assist states through DEA's State and Local Task Forces. And, in a letter of May 4, 1981 to the Senate Appropriations Committee, I noted that "an equal amount invested in any of the Department's law enforcement programs nets a greater return than would be realized from investing the same amount in these projects. Furthermore, there is no evidence that these projects have had a greater impact on crime than many other programs..... which Congress has already decided to terminate." The anecdotal data supplied to the Subcommittee by the project

directors is hardly convincing evidence that Federal taxpayers have received a favorable return on their investments. We continue to believe that, if the participating jurisdictions are convinced of the efficacy of the regional intelligence projects, they should supply the necessary funds and accept responsibility for compliance with the principles of sound management and the protection of individual rights.

The interest of the Subcommittee in this matter is appreciated.

Sincerely,



Edward C. Schmults