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Transcript: FBI's Louis Freeh discusses spy case

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Speakers: Louis Freeh, Director Federal Bureau of Investigation John Ashcroft, U.S. Attorney General George Tenet, Director of Central Intelligence Judge William Webster Helen Fahey, U.S. Attorney, Eastern District of Virginia

FREEH: Good afternoon, ladies and gentlemen. I'm Louis Freeh, the FBI director. I'd like to begin by introducing on the platform with me, of course, Attorney General John Ashcroft, seated next to George Tenet, director of central intelligence, Helen Fahey, the U.S. attorney for the Eastern District of Virginia, which has jurisdiction over this case, and Judge William Webster.

My pleasure to introduce the attorney general.

ASHCROFT: Thank you, Director Freeh.

Sunday, the FBI successfully concluded an investigation to end a very serious breach in the security of the United States. The arrest of Robert Hanssen for espionage should remind us all, every American should know that our nation, our free society is an international target in a dangerous world. In fact, the espionage operations designed to steal vital secrets of the United States are as intense today as they have ever been.

As an agency responsible for protecting our national security, this is a difficult day for the FBI. It is especially difficult because the person who was investigated, arrested and charged is one of our own.

The FBI has done an exemplary job of investigating this very sensitive matter and ending this breach of our national security.

ASHCROFT: I want to commend FBI Director Freeh and his agents for taking decisive action once they learned about this risk to our national security. The FBI moved swiftly and discreetly to effect the arrest. Today's announcement is a result of their professionalism, skill, judgment and dedication. I want to thank the FBI, the CIA, the Department of State and the U.S. attorney's office for their productive cooperation in this case.

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From **BUYANDHOLD**

Let me be clear: Individuals who commit treasonous acts against the United States will be held fully accountable. I will devote w to order a comprehensive, independent review of FBI procedures. I look forward to receiving the report from former FBI director and former director of the Central Intelligence Agency, Judge William Webster, and I thank him for agreeing to lead this review.

FREEH: Thank you, Attorney General, for your remarks.

Sunday night, as you heard, the FBI arrested Robert Philip Hanssen who was charged with committing espionage.

FREEH: Hanssen is a special agent of the FBI with a long career in counterintelligence.

The investigation that led to these charges is the direct result of the long-standing FBI-CIA efforts, ongoing since the Aldrich Ames case, to identify additional foreign penetrations of the United States intelligence community.

The investigation of Hanssen was conducted by the FBI in partnership with the CIA, the Department of the State and, of course, the Justice Department. The successful investigation also is a direct result of a counterintelligence coup by the FBI working with its intelligence partners in this community.

The complaint alleges that Hanssen conspired to and did commit espionage for Russia and the former Soviet Union. The actions alleged date back as far as 1985 and, with the possible exception of several years in the 1990s, continued until his arrest on Sunday.

He was arrested while in the process of using a Fairfax County dead drop to clandestinely provide classified documents to his Russian handlers. FBI agents also covertly intercepted \$50,000 in cash, which the Russian intelligence officers put in a second drop we believe intended for Hanssen.

It is alleged that Hanssen provided to the former Soviet Union and subsequently to Russia substantial volumes of highly classified information that he acquired during the course of his job responsibilities in counterintelligence.

FREEH: In return, he received large sums of money and other remuneration, including diamonds. The complaint alleges that he received over \$600,000 in cash.

The full extent of the damage done is yet unknown, because no accurate damage assessment could be done during the course of the covert investigation without jeopardizing it. We believe, however, that it was exceptionally grave. The criminal conduct alleged represents the most traitorous actions imaginable against a country governed by the rule of law.

As difficult as this moment is for the FBI and the country, I am, like the attorney general, immensely proud of the men and women who conducted this investigation. Their actions represent counterintelligence at its very best, and under the most difficult and sensitive of circumstances.

Literally, Hanssen's colleagues and coworkers at the FBI conducted this investigation and did so professionally, securely and without hesitation. Much of what these men and women did remains undisclosed. But their

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I'll take your questions now.

1 QUESTION: When did you first start the investigation of Hanssen? Can you pinpoint the exact time?

2 FREEH: I don't want to pinpoint the exact time. I would say it was the latter part of last year. However, there has been an ongoing initiative, as I mentioned, between the agency and the FBI, going back to the Ames case, to identify additional penetrations. But we focused on it specifically towards the latter part of last year.

3 QUESTION: Dr. Freeh, can you help us put into perspective how this case compares with the Aldrich Ames case, in terms of the damage? I understand that you have just begun your damage assessment, but just help us with the level of importance to U.S. security.

4 FREEH: Yes. I don't want to really characterize it or compare it to another case. These charges, of course, are just charges. If you look at the 100-page affidavit, which is very detailed, including a description of the materials that he is alleged to have transferred to the Soviet officers over a long period of time, and I think you can compare that, certainly, with the public documents in those other cases, but I'd rather not characterize it. I certainly want to wait for a damage assessment, which we've not done, and I certainly will make that available at that point.

5 FREEH: We didn't stumble into this investigation. We didn't, as we do in some cases, predicate it on the incidental or even casual find of information. This was a very carefully planned and deliberately directed investigation by our part. And as I mentioned, there are a lot of things that go into that which I can't discuss right now. But it really does testify to the extraordinary work and talent of the people involved and the coordination between the CIA and the FBI.

6 QUESTION: In all due respect, how can you call this a counterintelligence success when you had a spy working inside the FBI for over 15 years without being detected? Why wasn't he detected earlier? And how did he manage to pass, presumably, numerous polygraph examinations for a person in those positions?

7 FREEH: Well, of course, those questions and others that we have will be the subject of Judge Webster's inquiry. The reason I call it a success is that, as an operation and as an investigation, it is an immense success. To conduct this investigation securely, clandestinely, without any leaks and to do it to the point that we could catch, red-handed, an experienced intelligence officer laying down classified documents for his handlers, also intercept \$50,000 in cash, which the intelligence officers were providing for him, in the business of counterintelligence I think by any expert would be judged a huge success.

8 That does not, of course, answer the question as to why someone for 15 years can successfully operate. I've indicated a couple of the reasons in the documents why we think he was successful. As I said, the Russians, until they heard the morning reports, did not know his name, did not know where he worked. He is very, very carefully, throughout the affidavit, obsessed with his security. And he was very, very successful in masking and protecting his communications and his activities.

9 That doesn't mean we can't do better in terms of our countersecurity measures. We're going to ask Judge Webster to look at that. But you have to

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separate the operational success from the problem, which indeed is a severe one, of having someone successfully do it, at least until the point that we caught him.

(CROSSTALK)

QUESTION: Are there any Russian intelligence officers who will be expelled as a result of his contacts?

FREEH: I can't comment on that.

QUESTION: Mr. Freeh, some past spies were pretty clear that their motive was financial. You say in your statement that he volunteered originally, sent a letter volunteering to spy. Do you have any idea, have you been able to discover why he wanted to spy?

FREEH: Well, you'll be able to see the letter in the affidavit. It's a October 1, 1985, letter. It is implied in the letter that he is volunteering, of course, but that he's not volunteering for nothing. The \$600,000, which is alleged in the complaint, is a significant amount of money. There is also references to another \$800,000, which the Russian intelligence officers indicate, and he confirms, is in an escrow account for him, somewhere outside the United States.

As to any other motivations, we just have not had the opportunity to establish those, and I wouldn't want to speculate about them.

(CROSSTALK)

QUESTION: You say that several people have been executed partly as a possible result of the information passed on, that U.S. sources have been compromised. Do you have a figure on how many people may have been compromised, how many may have died, as a result of this espionage?

FREEH: What we've alleged in the complaint is that, on two separate occasions, the defendant provided information after Ames had provided information on two officers, two officers who had been recruited here. And we know from -- as we set forth in the affidavit, they were both executed. So it was an accumulation of both types of information.

As to other cases, I can't speculate about them. There is nothing alleged in the affidavit. And of course, as we do our damage assessment, we may be able to ascertain others, or we may not, depending on how that analysis goes.

QUESTION: Dr. Freeh, two questions: First, was he operating alone or did he have others with whom he worked? And is this an ongoing investigation? And second, is this for you, as the FBI director, the toughest and worst moment since you became director in 1993, given the length of the security breach and the way in which it went undetected for so long on your watch?

FREEH: As far as we know, he operated alone, of course in tandem with the Washington intelligence officers. We have no indication that anyone else worked with him or assisted him. But, of course, as we now do a covert investigation, including interviews, we will determine -- have not ruled out the possibility that someone else may have assisted him. There's no evidence of that, however, at this time.

In terms of the worst case, worst moment: I think probably the worst moment

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sensitive part of the investigation.

1 QUESTION: What was Hanssen's reaction when you caught him? And have you been able to discuss this with him or question him?

2 FREEH: As I said, he was arrested. The agents who conducted the arrest perceived him to be surprised and shocked by the arrest. And I don't want to comment on any of the subsequent events, except he was given his Miranda rights and then taken to a facility to be processed.

3 QUESTION: How long had he been under surveillance? And was there any reason why he didn't grab him after he took the money?

4 FREEH: Well, he didn't take the money. The money actually remained in the site in Arlington.

5 QUESTION: I mean, why not wait until he went to get the money, if that's what you've been waiting for him to do?

6 FREEH: Well, we were more interested in what was going to happen at the Ellis (ph) site, because we believed that, at that point, he would put down a package. The package that he put down contains classified information. It has to do with our internal documents and, actually, matters that are presented before the courts. So it was much more important for us to get him placing that package than picking up the money. So we let the money rest for a while and focused on the Sunday Ellis (ph) site.

7 QUESTION: (OFF-MIKE)

8 FREEH: No.

9 QUESTION: Can you confirm that he did in fact take polygraph tests?

10 FREEH: I don't want to comment on that.

QUESTION: Do you know where he is being held?

FREEH: He is being held in a detention facility in Virginia.

And he was, of course, presented for the initial appearance in Alexandria this morning.

QUESTION: (OFF-MIKE)

FREEH: It was very, very critical information to have. And as I said, it is original Russian documentation, but I don't want to expand on it right now beyond that.

QUESTION: What was his work here? Can you describe more about what he did in '85 and in his career?

FREEH: Well, as most of his career, as set forth in the affidavit, has been in the foreign counterintelligence area, particularly dealing with the Soviets and the Soviet intelligence services. He worked in New York as a foreign counterintelligence special agent. He ran one of our foreign counterintelligence squads, at that point. His assignments back at

headquarters, except for a brief period on our inspections, had to do primarily with foreign counterintelligence. For the last 5 1/2 years, he's been the FBI representative at the State Department, the Office of Foreign Missions. And he was brought back here in January, so we could isolate him and focus more of our investigation on him.

QUESTION: Was he authorized to have contact with Russians?

FREEH: No, he was not.

(CROSSTALK)

QUESTION: Did he work on the Aldrich Ames case or any other major espionage cases?

FREEH: He had access to a lot of the information that related to those investigations and others. As I mentioned, the affidavit alleges an overlap between some of his activities and Ames' reporting.

QUESTION: Many Americans are going to be surprised that this keeps going on. The Cold War is long over. The attorney general said, "Yes, well, it keeps going." This man has his roots in the Cold War. Is that what you are finding the United States is mostly facing, a residual? Or, is it a continuing, ongoing -- does recruiting continue? Can you give us some sense of this?

FREEH: Well, I think it's both residual and ongoing.

I think that, with respect to the matters alleged in the affidavit, you cannot simply say that this was an artifact or a residual of the Cold War. The activity obviously continued beyond that. And as late as Sunday, there was clearly an intent to exchange \$50,000 in cash for very highly classified and very damaging information from the FBI.

So I think that intelligence and counterintelligence are with us and will be with us for some time. As you know, in 1996, the Congress passed the economic espionage statute because of hearings and testimony that indicated that many countries, in fact 22 or 23 of them, use their security services in the United States to clandestinely gather economic information, which is very valuable and which is done by clandestine means.

So I think part of this case has got a foot in the past, but part of it has clearly got a foot in the present.

QUESTION: (OFF-MIKE)

FREEH: No. I don't want to expand beyond that. But no.

I'll take one more question.

QUESTION: You often talk about the need for accountability within the bureau. Who is accountable in a situation like this? And as director, how much of the responsibility or accountability do you see as your own or the head of the National Security Division? Where does the buck stop?

FREEH: Well, the buck stops with me. I'm accountable for it. I'm responsible for it. It clearly happened on my watch and what I have to do, in conjunction with Judge Webster's review, is re-examine, you know, my leadership and

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