

The Black Budget Report: An Investigation into the CIA's 'Black Budget' and the Second Manhattan Project

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ABSTRACT

This report examines the existence of a CIA 'black budget' and an extensive network of 'deep black projects' that it funds. The report identifies the legal framework established by the US Congress for the creation of a CIA 'black budget' from the appropriations earmarked for other federal agencies that are siphoned through the CIA as the sole conduit of black budget funds. The report investigates the legal challenges to the constitutionality of the CIA's black budget; how the CIA uses its legal authority to extract appropriations from government agencies such as HUD; how the CIA launders non-appropriated money through other federal agencies; and the efforts the CIA goes to prevent these financial transfers from being exposed. Using as a case study the legal difficulties faced by an innovative mortgage finance company, Hamilton Securities, the report will argue that the CIA's covert role in Hamilton's demise is compelling evidence that the CIA was involved in funding irregularities in HUD. It will be finally argued that the size of black budget, the secrecy surrounding it, the extent senior officials in Federal agencies go to targeting individuals and companies that threaten to reveal where congressional appropriations are ultimately going, suggest a vast number of 'deep black projects' that collectively form a highly classified second Manhattan Project whose existence, goals and budget are kept secret.

About the Author

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The Black Budget Report: An Independent Investigation of the CIA's 'Black Budget' and the Second Manhattan Project

Introduction ^[1]

Each year the US Department of Defense (DoD) lists a number of single line items in its budget that have a program number such as 0605236F, code names like CLASSIC WIZARD or vague description such as "special evaluation program," that don't refer to any weapons system known to the general public, Congressional officials or even defense analysts. These single line items are covers for the creation of a 'black budget' - a top secret slush fund set up by the DoD, with the approval of the US Congress, to apparently fund intelligence organizations such as the CIA as well as covert operations and classified weapons programs by the DoD. The 'black budget' allows intelligence activities, covert operations and classified weapons research to be conducted without Congressional oversight on the grounds that oversight would compromise the secrecy essential for the success of such 'black programs'. These 'black programs' are typically classified as 'Special Access' or 'Controlled Access Programs' that have a security classification system more rigorous than the secret-top secret classifications for most government agencies, making such programs known only to those with a 'need to know'. This report seeks to unmask the size of the black budget and the covert world of 'deep black' projects it funds by investigating the mechanisms used to transfer money into the black budget'. Following the money trail and official efforts to keep secret the size of the black budget and how it is generated, provides the key pieces of a complex financial and national security jigsaw puzzle.

The 'black budget' funds a covert world of unaccountable intelligence activities, covert military/intelligence operations and classified weapons programs. The conventional view is that this covert world is funded by Congressional appropriations that authorize the DoD to use US Treasury funds for classified projects and intelligence activities that appear as vague items on the DoD budget. Subtracting the cost of known weapons systems and programs from the total DoD budget gives Congressional analysts a means of estimating the size and scope of operations of the covert world of 'black projects', without knowing their precise budgets or activities. There is however compelling evidence that the covert world of black programs is primarily funded by a black budget created by the CIA rather than the DoD. Rather than being a beneficiary of a Congressionally sanctioned DoD 'black budget', the CIA has its own 'unofficial' black budget that acts as a conduit for funds to be secretly siphoned into the various military intelligence agencies associated with both the CIA and the DoD for intelligence activities, covert operations and weapons research.

The CIA has the unique legal ability among all US government departments and agencies to generate funds through appropriations of other federal government agencies and other sources "without regard to any provisions of law" and without regard to the intent behind Congressional appropriations. ^[2] Every year, billions of dollars of Congressional appropriations are diverted from their Congressionally sanctioned purposes to the CIA and DoD based intelligence agencies without knowledge of the public and with the collusion of Congressional leaders. The covert world of 'black programs' acts with virtual impunity, overseen and regulated by itself, funding itself through secret slush funds, and is free of the limitations that come from Congressional oversight, proper auditing procedures and public scrutiny.

This report examines the existence of a CIA 'black budget' and an extensive network of 'black projects' that it funds. The report identifies the legal framework established by the US Congress for the creation of a CIA 'black budget' from the appropriations earmarked for other federal agencies that are siphoned through the CIA as the sole conduit of black budget funds. The report investigates the legal challenges to the constitutionality of the CIA's black budget; how the CIA uses its legal authority to extract appropriations from government agencies such as HUD; how the CIA even launders non-appropriated money through other federal agencies; and the efforts the CIA goes to prevent these financial transfers from being exposed. Using as a case study the legal difficulties faced by an innovative mortgage finance company, Hamilton Securities, the report will argue that the CIA's covert role in Hamilton's demise is compelling evidence that the CIA was involved in funding irregularities in HUD.

The key to uncovering the true size of the black budget are the chronic accounting anomalies in the DoD budget that reveal that as much as one trillion US dollars is annually being siphoned by the CIA into the DoD for secret distribution to various military intelligence agencies and the 'deep black' programs they respectively support. All of this, it will be argued, has dubious constitutional status but is made legal by the various Congressional enactments, senior Congressional officials and the Executive Office. It will be finally argued that the size of black budget, the secrecy surrounding it, the extent senior officials in Federal agencies go to targeting individuals and companies that threaten to reveal where Congressional appropriations are ultimately going, suggest a vast network of 'deep black projects' that collectively form a highly classified second Manhattan Project whose existence, goals and budget are kept secret.

Birth of the Black Budget

In 1947, the National Security Act created the National Security Council, the Central Intelligence Organization (CIA) and consolidated the US military into one entity, the Department of Defense (DoD). One of the issues that remained unresolved from the creation and operation of the CIA was the extent to which its budget and intelligence activities would remain a secret. According to Article 1, sec. 9, of the US Constitution, "No money shall be drawn from the treasury, but in consequence of appropriations made by law; and a regular statement and account of receipts and expenditures of all public money shall be published from time to time." This constitutional requirement conflicted with the need for secrecy concerning Congressional appropriations for the CIA. The solution was for Congress to pass legislation approving the secrecy over the funding mechanisms used for the CIA and its intelligence related activities. The necessary bill was passed with great haste and minimal debate causing considerable concern among those few Congressmen brave enough to openly challenge the constitutionality of the Act. ^[3] Congressman Emmanuel Celler of New York voted for the bill but protested: "If the members of the Armed Services Committee can hear the detailed information to support this bill, why cannot the entire membership? Are they the Brahmins and we the untouchables? Secrecy is the answer." ^[4] Celler, like the majority of Congressmen, passed the CIA Act very much like the wealthy father viewed the birth of an illegitimate child, appropriate care would be taken to provide for the child, but there would be no official admission of patrimony and the responsibility that entails.

The 1949 CIA Act comprised additions to those sections of the 1947 National Security Act that dealt with the creation of CIA. The 1949 CIA Act gave a Congressional stamp of approval to the creation of a 'black budget' as the following sections make clear:

... any other Government agency is authorized to transfer to or receive from the Agency such sums **without regard to any provisions of law** limiting or prohibiting transfers between appropriations [emphasis added]. Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of sections 403a to 403s of this title without regard to limitations of appropriations from which transferred.

^[5]

This section meant that funds could be transferred from the appropriations of other government departments earmarked for specific tasks, "without regard to any provisions of law". For example, a Congressional appropriation earmarked for housing subsidies to low-income workers by Housing and Urban Development (HUD), could be legally transferred either to the CIA for covert intelligence activities or through the CIA to a DoD associated intelligence agency for a classified program. Thus HUD employees might find that their relevant housing programs were lacking the necessary funds for relief efforts even though Congress had appropriated these funds for this purpose. Any HUD official unfortunate enough as to enquire into the location of the missing funds would be deterred from pursuing the issue, and if these officials persisted, they could be summarily dismissed, and then exposed to a variety of CIA activities to silence them. ^[6]

Despite its legal authority to transfer funds from other federal agencies regardless of what their Congressional appropriations were for, the conventional wisdom was that the major source of appropriations for the CIA came through the DoD. This is apparently what President Truman had in mind when he approved that the

"operating funds for the organization [CIA] would be obtained from the Departments of State, War, and Navy instead of directly from Congress."^[7] This funding arrangement ostensibly assured that the CIA would be subordinate to the Secretaries of Defense and State who would be in a better position to influence its covert activities. Four years after passage of the 1949 CIA Act, the following categories and sums in the relevant defense force appropriations apparently provided the bulk of the black budget funding of the CIA.

Table 1. CIA – Location of Budget Funds Fiscal Year 1953^[8]

Appropriation & Service	Project	Total
	Project 1732 Classified project	33 million
Maintenance & Operations,		
Army	Project 2110 Commercial transportation	163 million
Service-wide Operations,	Activity 10 Contingencies of the Navy	33 million
Navy		
Ships and Facilities, Navy	Activity 1 Maintenance and operation of the active fleet	70 million
Ordinance and Facilities,	Activity 1 Procurement of ordnance and ammunition	93 million
Navy		
Contingencies, Air Force	Project 891	33 million
Military Personnel	Project 510 Pay of the Air Force	70 million
Requirements, Air Force		
Aircraft and Related	Project 120 Aircraft component spares	92 million
Procurement, Air Force	and spare parts	
Total		587 million

The Congressionally sanctioned method of CIA appropriations meant that the \$587 million the CIA acknowledged receiving from DoD for its intelligence operations in 1953 would remain a secret both to rank and file members of Congress, and the general public. The alleged sum the CIA received from the DoD in 1953 (\$3.4 billion in 2002 terms) was in likelihood already dwarfed, as will be argued later, by the funds the CIA was transferring through other government agencies into its black budget.^[9]

The constitutional validity of the CIA's black budget and its size was something that did not unduly trouble most Congressmen during the early years of the Cold War who believed that national security considerations concerning the Soviet threat merited such an extraordinary practice. However, it did trouble one US citizen who in 1967 took the CIA to court over the secrecy surrounding the true size of its black budget.

Legal and Congressional Efforts to Disclose the CIA's Black Budget

William Richardson was an 'ordinary' citizen who realized the inconsistency between the Constitution's requirement that all government appropriations would have "a regular statement and account of receipts and expenditures" published, and the CIA's Act's secrecy provision concerning the CIA budget. In 1967, Richardson made an effort to discover the true size of the CIA's 'black budget' by writing a letter to the US Government Printing Office. He requested a copy of the CIA budget "published by the Government in compliance with Article I, section 9, clause 7 of the United States Constitution."^[10] Richardson received replies from the US Treasury that essentially rebuffed his efforts and he decided to start a Federal court action against the US government. He argued that the CIA Act was "repugnant to the Constitution" since it "operates to falsify the regular Statement and Account of all public Money."^[11] After three years of legal wrangling, Richardson's case was dismissed by the Pittsburgh Federal Judge, Joseph P. Wilson, who decided that Richardson did not have 'standing' to sue the Federal government since he was not directly affected by issue at dispute. In short, the judge was taking the conservative legal position that a 'generalized grievance' is not a sufficient basis for a private citizen to take a US Federal Agency to court. Richardson appealed and in 1971, succeeded in having his case heard before a full bench of the United States Court of Appeals in Philadelphia (the penultimate legal court in the US). In his legal brief, Richardson claimed:

Never in the history of this country has so much money been spent without the traditional safeguard of openness and in direct defiance of constitutional provisions.... Billions are spent each year by unknown entities and this amount is spread throughout the Treasury's reporting system to confuse the public and belittle the Constitution.^[12]

The nine federal judges ruled in a 6-3 decision in 1972 that Richardson did have legal standing since the Court reasoned that a

... responsible and intelligent taxpayer and citizen, of course, wants to know how his tax money is spent. Without this information he cannot intelligently follow the actions of the Congress or the Executive. Nor can he properly fulfill his obligations as a member of the electorate.^[13]

Richardson had won an extraordinary, though ultimately short lived, legal victory. He had succeeded in arguing that the 'black budget' was inconsistent with his constitutional obligations and that the CIA Act had doubtful constitutional standing. The 1971 decision of the Court of Appeals is the closest any US court has come to ruling on the constitutionality of the CIA Act. The Court had effectively decided that Congress had no right to deprive American citizens knowledge of the true size of the appropriated money that was being channeled to the CIA through other government agencies.

The Federal Government immediately appealed to the Supreme Court and in July 1974, the nine Supreme Court Justices ruled in a 5-4 decision, that Richardson did not have the legal standing to challenge the Federal government.^[14] Adopting a conservative legal position, the Court argued that Richardson's suit was nothing more than a generalized political grievance by a citizen that needed to be dealt with through the political system, rather than the legal system. The Supreme Court concluded that it did not need to examine the merits of Richardson's case, since he did not have legal standing to bring the suit to the Court. The Supreme Court thus overturned the earlier ruling of the US Court of Appeals. The immediate consequence was that the black budget would remain a secret for some years yet. Despite the setback, Richardson had demonstrated that the 'black budget' and the CIA Act that created it, had dubious constitutional standing, and only required a challenge from a party with legal standing to most likely have it struck from the statute books.^[15]

In the 1970's the black budget and its true size became for the first time a subject of intense congressional scrutiny. In the aftermath of the Vietnam war and the behavior of the intelligence community in sponsoring private wars throughout Indochina and elsewhere, the Senate decided in 1976 to elect a committee to investigate the CIA's covert activities and the black budget for the intelligence community. In its final report, the Senate Select Committee on Intelligence (the Church Committee) found the black budget to be unconstitutional and recommended public disclosure of its size:

The budget procedures, which presently govern the Central Intelligence Agency and other agencies of the Intelligence Community, prevent most members of Congress from knowing how much money is spent by any of these agencies or even how much money is spent on intelligence as a whole. In addition, most members of the public are deceived about the appropriations and expenditures of other government agencies whose budgets are inflated to conceal funds for the intelligence community.

The failure to provide this information to the public and to the Congress prevents either from effectively ordering priorities and violates Article I, Section 9, Clause 7 of the Constitution.... The Committee finds that publication of the aggregate figure for national intelligence would begin to satisfy the Constitutional requirement and would not damage the national security..^[16]

Unfortunately, the Church Committee's recommendation was never implemented as the CIA Director (DCI), George Bush, successfully argued for the committee to hold off implementing its decision. The Committee voted 6-5 to hold off and the recommendation was never brought to the whole Senate for a decision..^[17]

It would have to wait until the 1990's before Congress would once again take up the issue of the black budget. Ironically it was Congress that had provided the legislation that would be an effective mechanism to end the secrecy surrounding the size of the black budget. The Freedom of Information Act (FOIA) was passed in 1966 and made it possible for individuals to gain access to the records of any federal government agency by making a written request.^[18] All agencies are required to disclose requested records except for information that falls under nine exemptions and three exclusions of the FOIA. The most relevant of these exemptions for the CIA Act was (b)(1) exemption 1 which says: "This exemption protects from disclosure national security information concerning the national defense or foreign policy, provided that it has been properly classified in accordance with the substantive and procedural requirements of an executive order." If an agency refused to release information, the requestor could ask for a Federal judge to adjudicate whether the information did or didn't qualify for the exemption claimed by the agency in withholding the relevant information.

In 1967 when Richardson first took legal action, he did not use the newly passed FOIA in requesting information about the CIA's 'black budget' since he was challenging the constitutional basis of the black budget and CIA Act, rather than arguing that release of the figures would not pose a national security threat. Richardson rightly assumed that the CIA would not release information concerning the black budget on the grounds of national security, and that it could persuasively argue this before a federal judge qualifying for exemption from FOIA.

In 1996, President Clinton introduced a major change in the secrecy over the size of the black budget when he argued that its disclosure would not threaten national security. The DCI under Clinton, John Deutch gave Congressional testimony that President Clinton was "persuaded that disclosure of the annual amount appropriated for intelligence purposes would inform the public and not, in itself, harm intelligence activities."^[19] President Clinton had effectively undercut the main legal barrier to the CIA indefinitely withholding the size of the black budget from an FOIA request. In 1997 the Federation of Atomic Scientists made an FOIA request to the CIA, to disclose the secret combined appropriations for the Intelligence community that comprises the CIA, National Security Agency (NSA), National Reconnaissance Office (NRO), Defense Intelligence Agency (DIA), National Imagery and Mapping Agency (NIMA), and intelligence branches of the Air force, Navy and Army.^[20] The DCI refused and the case eventually went before a Federal Court. In a last ditch effort to prevent disclosure of the 'black budget' the DCI persuaded both the Senate^[21] and the House of Representatives^[22] to vote against amendments that would have recommended its disclosure.

The CIA's efforts were to no avail and in 1997 the Federal Judge decided in favor of the FAS that the 'black budget' could be disclosed without harming the national security of the US. In what was the first major crack in the official secrecy surrounding the CIA's budget and its intelligence activities, the CIA subsequently decided to release for the first time the size of its 'official' black budget (appropriations drawn from single line items on the DoD budget), but reserved the right to not disclose this figure in future. For the fiscal year of 1997, the combined aggregate appropriations for the Intelligence Community (black budget) was said to be 26.6 billion dollars.^[23]

The 'official' black budget for the CIA can be estimated by using the percentage of the black budget for the intelligence community that went to the CIA as opposed to other intelligence agencies from DoD appropriations. According to Victor Marchetti and John Marks, the CIA portion of the intelligence black budget was 750 million from 6.228 billion (approximately 12%) for 1973.^[24] Victor Marchetti and John Marks put the overall intelligence budget at \$6.228 billion for 1973, of which the CIA disposed of \$750 million. According to David Wise

In 1975 the entire CIA budget was hidden within a \$2 billion appropriation for "Other Procurement, Air Force." The \$12 billion total for all U.S. intelligence, much higher than previous estimates, was indicated in the report of the Senate intelligence committee.^[25]

Wise's estimate suggests that the proportion of the intelligence black budget that goes to the CIA is closer to approximately 16.7% than the 12.0% estimated by Marchetti and Mark. At the other end, the Federation of Atomic Scientists, using 1998 figures, estimated that the CIA's portion of the black budget was 11.5%.^[26] If 12% is taken as the more accurate estimate of the CIA portion of the black budget, then this suggests that of the 26.6 billion dollars Tenet disclosed went to the Intelligence Community from DoD appropriations, approximately \$3.2 billion (12%) was the official 'black budget' of the CIA. The 1998 estimate converts to \$3.5 billion in 2002 terms, and compares quite favorable with the 1953 figures that presumably made up DoD appropriations for the CIA black budget that can be converted to approximately \$3.4 billion in 2002 using CPI adjustments.^[27] Consequently it appears that much of the mystery surrounding the black budget of the CIA and the intelligence community had been ended once official figures for the CIA were released through FOIA in 1997.

However, it will now be argued that the figures released by Tenet in 1997 for the 'official black budget' for the intelligence community, and earlier estimates dating from 1953 data, committee reports in the 1970's, is disinformation intended to steer analysts, Congress and the general public away from the true size of the CIA's black budget. It will be argued that the 'unofficial' CIA black budget, in terms of Congressional appropriations and other funds the CIA transfers through other government departments and agencies far exceeds the 'official' black budget (DoD appropriations earmarked for the intelligence community), and has been well disguised as a major purpose of the CIA ever since its creation. The major purpose of the CIA is to act as a funnel for the combined black budgets of the intelligence community and the Department of Defense. This is the reverse of the conventional wisdom behind the 'official' black budget that the DoD funds the CIA. In fact it is the CIA that funds secret projects run by the various military and intelligence services in the DoD. Using the testimony of whistleblowers of other federal government agencies and testimony of DoD Inspector Generals, I will argue that billions of dollars are annually extracted from these agencies by the CIA, topped up by revenue from other sources used by the CIA, and then siphoned to the military intelligence agencies within the DoD for distribution to 'deep black projects' outside of the regular appropriations and oversight process mandated by Congress for 'black projects'.

HUD's Missing Money, Catherine Fitts, Hamilton Securities and the CIA.

In 1989 Catherine Austin Fitts became Assistant Secretary for Housing in Department of Housing and Urban Development (HUD). She began to notice money was not properly tracked as it moved between different HUD departments and there was a lack of proper accounting mechanisms to deal with discrepancies in revenue indicated fraud at an alarming level.^[28] She attempted to put in place some credible financial tracking mechanisms to identify where the money was

going and to identify the responsible individuals and HUD departments, but after 18 months on the job she was suddenly fired by the Bush administration. Fitts was told the day after she left that her financial reforms through 'place-based financial accounting and statements' would also be terminated.^[29] Fitts subsequently created her own investment company, Hamilton Securities Group that used specially created computer software for tracking financial flows in the mortgage industry. In 1993, Hamilton Securities Group won a contract with HUD to manage its \$500 billion portfolio. As a result of its innovative computer tracking of finances called 'Community Wizard', Hamilton Securities saved Federal Taxpayers \$2 billion and according to Fitts "took the world's breath away."^[30] Carolyn Betts, a former Hamilton Securities employee said:

The HUD field office people went absolutely crazy when they saw it. You could go in with a pointer on a map and get to information on expenditures by each HUD program. It was a pretty beautiful program and would have become unbelievably powerful.^[31]

Fitts' innovative program was so successful that it was earning special attention from Congressmen with one chairman of an oversight committee in October 1997 favorably commenting on the "eye-popping" results.^[32] Fitts' program had the potential to revolutionize the way in which large multibillion dollar portfolios were managed. Vice President Al Gore's Reinventing Government Initiative gave her firm the Hammer Award for Excellence in Re-engineering Government. Fitts innovation also came to the attention of powerful individuals who viewed it as a threat to existing way in which finances were tracked in HUD and other federal government agencies that apparently allowed corporations to reap large profits from government inefficiency.

Fitts' pioneering work came crashing down around her in June, 1996 when a *qui tam* (whistleblower) suit was brought against her firm by a rival HUD contractor John Ervin who alleged Fitts committed fraud against HUD to the tune of \$3.8 million. According to the Federal False Claims Act, a *qui tam* suit has 60 days to be investigated before a federal judge has to reach a conclusion on the substance of the suit and unseal the *qui tam* so that the defendant can respond to the allegations. Instead, the HUD Inspector General together with the federal judge in charge of the case took four years before another judge decided the allegations lacked substance, unsealed the *qui tam* in July 2000, and the government decided to end its role in the case.^[33] In the meantime, Fitts' firm was subjected to 18 audits and investigations, multiple subpoenas for thousands of documents, not paid money owed to it by HUD while the 'investigation' was underway, subjected to media leaks and a smear campaign that frightened away potential investors, and ultimately raided by Department of Justice agents in 1998. The raid effectively destroyed the Community Wizard program and put an end to Hamilton Securities' efforts to survive the legal onslaught that involved steep legal costs. At the end, Fitts company went bankrupt, Fitts was emotionally exhausted, but continued to fight for her reputation, repayment from HUD, and exposure of wrong doing by the HUD Inspector General in allowing the *qui tam* law suit to proceed for four years on a 'fishing expedition', while simultaneously leaking false information.^[34]

After her experiences in both working with HUD as an employee (1988-1989) and as a contractor (1993-1997) and observing at first hand the chronic state of finances that could not be accounted for under normal accounting rules, Fitts concluded that HUD was being run as a 'criminal enterprise': In the summer of 2000, a member of the staff for the Chairman of the Senate appropriation subcommittee (with jurisdiction over HUD ...) confided to me that they believed that HUD was being run as "a criminal enterprise." I responded that I "did not disagree." Reaching that conclusion was a long time coming. It took many years of experience implementing practical and sound reforms to the FHA mortgage system, only to have the system reject any and all efforts to have it become anything other than an integral part of a significant mortgage bubble and a pork and slush fund operation.^[35] The fraudulent movement of finances through HUD were made possible by poor auditing standards that enabled as much as tens of billions of dollars to go annually missing.^[36] In a March 2000 report, the HUD Inspector General, Susan Gaffney, reported a high number of 'adjustments' that had to be made to account for \$59 billion that could not be located in 1999:

At the time we discontinued our audit work, a total of 42 adjustments totaling about \$17.6 billion had been processed in this manner to adjust fiscal year 1998 ending balances. An additional 242 adjustments totaling about \$59.6 billion, were made to adjust fiscal year 1999 activity.^[37]

Gaffney argued that the 'adjustments' were caused by HUD's difficulties in reconciling different computer systems. An unnamed official within HUD dismissed the idea of the adjustments being solely problems associated with different computers systems:

Everything that has transpired at HUD is not an accident, and it sure isn't a computer glitch. When you take the different material violations of the most basic financial-management rules and compare them to the time and effort put in to have first-rate systems, it is impossible to explain it as anything other than significant financial fraud.^[38]

Such fraud would not have been possible without collusion at the highest level, the Director of HUD, Mario Cuomo. Confirmation that the missing \$59 billion for 1999 was known to Cuomo was disclosed by the unnamed source in HUD:

The losses could be far greater than \$59 billion, but they don't know for sure because the audit isn't completed. Secretary Cuomo is a very smart control freak, so it's ludicrous to think that he doesn't know what is going on.^[39]

Confirmation that losses from HUD were an endemic problem rather than peculiar to 1998 and 1999 comes from the General Accounting Office of Congress that released a report in 2003 stating that in January 2003, "for the 12th year in a row, the HUD OIG [Office of Inspector General] cited the lack of an integrated financial-management system as a material weakness in its audit of the department's financial statements."^[40] In short, billions of dollars were annually missing from HUD and no one knew where the money was going.

Fitts analysis of the fraudulent movement of funds through HUD, her initial firing as an Assistant Secretary, subsequent difficulties her company had with HUD^[41], indicated that she had stumbled on to one of the strategies used by the CIA to generate its secret black budget. Fitts ultimately came to the conclusion that HUD was being run as a money laundering operation to fund black projects.^[42] The sums for HUD alone, \$59 billion for 1999, were far greater than the official \$3.5 billion annual estimated budget of the CIA that came from DoD appropriations. Missing funds from HUD, the participation of the HUD Director in permitting the funds to go missing, and the difficulties suffered by Fitts, point to the CIA being behind the missing HUD funds. The CIA is the only government agency that has the legal authority to co-opt Federal Agency Directors in permitting billions of dollars to go missing from or laundered through their budgets for transfer into a 'black budget'. It is worth investigating the destruction of Fitts company, Hamilton Securities Group to identify any CIA fingerprints in covering up the secret transfer of HUD funds into what will be argued to be the CIA's 'unofficial' black budget.

The individual who brought the lawsuit against Fitts, John Ervin, has been described as "notorious for filing nuisance lawsuits and "bid protests".^[43] His small mortgage investment firm apparently had, according to one inside source, "up to 17 in-house personnel working full time on mountains of paperwork regarding

this and other cases.”^[44] Ervin may simply have been a small time contractor with a chip on his shoulder from losing the HUD mortgage contract to Fitts’ company. However, the large number of legal cases his firm was involved in suggests he may have been simply a front for more powerful actors threatened by Hamilton’s Securities who wished to cripple it through a damaging court process. More revealing was the behavior of the federal judge in charge of Fitts’ case that eventually presided over the case. According to court transcripts, the initial judge had indicated in 1996 that it would be inappropriate to extend the seal [on the *qui tam*] without evidence and that unless evidence was produced he would not extend the seal again. The case was then transferred to Judge Stanley Sporkin of the District of Columbia’s District Court. According to Uri Dowbenky, Sporkin “managed to illegally keep a *qui tam* lawsuit sealed for almost 4 years. That could be a ‘judicial’ record.”^[45] Sporkin had given multiple 60-day extensions to further investigate the allegations that he claimed were not limited to the False Claims Act limit of 60 days that applied to Department of Justice investigations, since the HUD Inspector General had independent subpoena power and chose to continue the investigation.^[46] Extending the *qui tam* in this highly dubious manner meant that it was kept sealed thus preventing Hamilton from responding to the allegations, and thus prolonged an elaborate ‘fishing expedition’ that would financially exhaust Hamilton Securities.

A significant background fact about Judge Sporkin was that he was the General Counsel for the CIA (1981-86) before being appointed as a federal judge to the District of Columbia District Court by Ronald Reagan in 1985.^[47] Sporkin’s CIA background and the continued extensions of the *qui tam* case that had questionable legal standing and which was finally unsealed and dropped by a new Federal judge appointed to the case after Sporkin’s retirement in 2000 point to a CIA covert program to destroy Hamilton Securities. One conclusion that emerges is that Fitts company was targeted since it threatened to undermine and even expose the way the CIA secretly extracted congressional appropriations from or laundered funds through HUD and other government agencies.^[48] The CIA was using its unique legal status of being able to **lawfully transfer** Congressional appropriations or ‘laundered money’ through other federal government agencies, to fund projects administered by the intelligence community, and to destroy any individual or company that threatened to reveal such a process.

The wide extent of chronic auditing irregularities for most government agencies suggested that it was not just HUD that was used by the CIA as vehicle for siphoning money into its ‘unofficial’ black budget. A Senate Committee on government reform investigated the auditing practices of federal government agencies in 2001, and the Committee Chairman, Senator Fred Thompson, released a report that found that ineffectual auditing practices were endemic and led to billions of dollars going annually missing from most government agencies.^[49] Rather than restricting itself to the appropriations through the DoD (the ‘official’ black budget), something Congress was aware of and tolerated, the accounting irregularities of many government agencies were possible evidence that the CIA was accumulating a sizable portion of the ‘actual’ black budget from other government agencies.

The Ultimate Beneficiary of the CIA ‘Black Budget’: The Intelligence Community and the Second Manhattan Project

The covert role of the CIA in destroying Hamilton Securities suggests that the \$59 billion missing from HUD in 1999 was some of the money transferred to the CIA’s ‘unofficial black budget’. The ‘legal’ status of such a secret transaction on the basis of national security meant that the CIA could do this and be sure that senior officials in HUD and the Department of Justice would cooperate in keeping these transfers a secret. The legal onslaught suffered by Hamilton Securities was indicative of a covert CIA operation that involved cooperation by senior officials in HUD, the DOJ, a federal judge and a former HUD contractor, in destroying a domestic US company that had developed technology that threatened to reveal where the missing HUD money was really going.

Estimates of the CIA’s ‘official’ black budget have been shown earlier to be in the vicinity of \$3.5 billion and thought to be extracted from DoD appropriations. If the CIA was the recipient of the missing HUD money, this meant that the CIA was in fact a conduit for appropriated federal funds and non-appropriated funds being channeled through HUD and the CIA. Rather than the CIA being a recipient of DoD funds, as commonly thought, the CIA was more likely secretly funding intelligence activities and covert operations conducted through the intelligence community associated with the DoD. It is worth exploring how the CIA could be siphoning money to those elements of the intelligence community associated with the DoD, and how these funds could in turn be used by the DoD and the intelligence community to fund a large number of ‘deep black projects’ that operate outside of the oversight system that had been developed for regular classified projects funded by Congressional appropriations. These regular classified programs are ‘waived’ Special Access Programs in the DoD, and ‘waived’ Covert Access Programs in the CIA.^[50] I turn now to examine events surrounding the inception of the CIA and its relationship with the DoD in jointly running and funding the intelligence community associated with the DoD.

The end of the Second World witnessed the dissolution of the CIA’s predecessor, Office of Strategic Services (OSS) that had been established in June 1942, and headed by a former civilian, William Donovan.^[51] Donovan put together an assortment of adventurers, intellectuals, and military personnel that carried out a number of intelligence activities and covert operations during the war that had limited success. The OSS, however, was not trusted with the most sensitive war intelligence by the two main US military intelligence services - the Office of Naval Intelligence (ONI) and the Army’s G-2, nor by the Joint Chiefs of Staff. The war’s end meant that foreign intelligence and covert operations were again dominated by the different military services, the State Department and the FBI (the FBI had extensive operations in Latin America) who would be very protective when it came to their most sensitive intelligence data.

The post-war structure of the national security system was debated, and the military services were on the record for being opposed to the formation a civilian agency that would play a leading role in foreign intelligence gathering or covert operations.^[52] Indeed, the idea of the different military intelligence services being headed by a civilian agency would have been quite a challenge for President Truman and his advisors to argue due to the major role played by US military intelligence in successfully conducting the war, and the peripheral role played by the OSS. Despite the wartime experience and the conventional wisdom that the military were more than capable of handling intelligence related activities, the passage of the National Security Act in 1947, led to the formation of a unified defense bureaucracy, the Department of Defense, three main military services (US Army, Navy and Air Force), and the creation of the National Security Council and the CIA.^[53] The CIA became the formal head of the US intelligence Community responsible for coordinating and providing leadership on all intelligence related activities. This meant that an organization based on the wartime model of a relatively small organization that conducted covert operations (the OSS) would be formally responsible for all US intelligence activities both military and civilian. This represented a major shift for the different military services yet they acquiesced to Truman’s request, but did so in a way that meant the DoD through its various associated intelligence services maintained considerable bureaucratic power in running the intelligence community in association with the CIA.

The Director of the CIA (DCI) would be the formal head of the Intelligence Community comprising the CIA, the National Security Agency, National Reconnaissance Office, the various military intelligence agencies and intelligence services of civilian agencies such as the FBI and the State Department.^[54] Importantly, the DCI would play a key role in the budget allocations for agencies within the intelligence community to be funded by the black budget.^[55] The DCI has statutory power to move funds in the intelligence community with the approval of the Secretary of Defense as described in the following:

No funds made available under the National Foreign Intelligence Program may be reprogrammed by any element of the intelligence community without the prior approval of the Director of Central Intelligence except in accordance with procedures issued by the Director. The Secretary of Defense shall consult with the Director

of Central Intelligence before reprogramming funds made available under the Joint Military Intelligence Program.^[56]

In theory, this meant that the DCI would have some leverage despite what was conventionally thought to be the budgetary power of the DoD over the DCI since the 'official' black budget would comprise DoD appropriations in one form or another. If the CIA, however, were able to get more significant sources of funds than DoD appropriations, then the CIA would control the money flow that sustained the intelligence community associated with the DoD, and their various intelligence activities, covert programs and classified technologies associated with these.

Leadership of the Intelligence Community is not exercised solely by the Director of the CIA (DCI), but is shared with the Secretary of Defense, who is responsible for ensuring that budget needs are met for DoD associated intelligence agencies, and who also appoints key personal in these agencies. This power sharing and the extensive funding arrangement that involves the CIA in DoD operations, is evidenced in terms of the relevant statutory provision for funding military intelligence agencies:

The Secretary of Defense, in consultation with the Director of Central Intelligence, shall--

(1) ensure that the budgets of the elements of the intelligence community within the Department of Defense are adequate to satisfy the overall intelligence needs of the Department of Defense, including the needs of the

chairman \1\ of the Joint Chiefs of Staff and the commanders of the unified and specified commands ...^[57]

One of clauses of this statute worth emphasizing is that the CIA has a 'consultative role' in satisfying the funding needs of the 'Joint Chiefs of Staff and the commanders of the unified and specified commands.' Such a clause provides legal justification for the Secretary of Defense to transfer funds provided by the CIA's black budget to an extensive number of military services, commands and operations.

As far as appointments are concerned, the Secretary of Defense has the power to nominate the Directors of military related intelligence agencies such as the NSA, NRO and National Imagery and Mapping Agency, even in cases where the DCI does not approve of the Secretary's choice.^[58] Thus the Secretary of Defense has considerable bureaucratic power over the main military intelligence agencies in terms of senior appointments and how funds would be spent.^[59] Consequently, leadership of the intelligence community is shared between the Director of the CIA (DCI) and the Secretary of Defense who share decisions concerning appointments, programs and budgetary allocations for the US intelligence community.

While the CIA is the junior partner to the DoD when it comes to intelligence activities and covert operations, it has one major bureaucratic advantage to the DoD. This concerns 'black budget' allocations for highly classified projects. It would be far easier for the Congress to accept the idea of an 'official' black budget sanctioned by law, if it was a civilian agency that was formally in charge of this unusual budgetary mechanism that would require an extraordinary degree of trust by Congress that such budgetary power was not being abused. As far as the DoD was concerned, Congress was quite adamant that all appropriations to the DoD would be spent in ways that were consistent with the law, i.e., Congressional resolutions and enactments.^[60] After all, this is what distinguished American style democracy from an authoritarian police state. This meant that the DoD's power to create a 'black budget' would be circumscribed by relevant Congressional provisions governing the 'unacknowledged' Special Access Programs ('black projects') this funded.^[61] The CIA provided the ideal cover for the creation of an 'unofficial' black budget that could legally transfer the appropriations of, or launder funds through, non-DoD federal government agencies, not to the CIA as Congress intended in the CIA Act, but directly to 'deep black projects' institutionally located within the NSA, NRO, NIMA, DIA, the different military intelligence services of the Army, Navy, and Air Force; and to the various special projects and commands overseen by the Joint Chiefs of Staff.

The CIA's 'official' black budget is a cover for the large network of projects run by the different military intelligence agencies, the CIA and Joint Chiefs of Staff, that used government appropriations from, and money laundered through, different federal agencies. The CIA could provide for sufficient funding for an extensive number of 'deep black projects' that would be entirely separate to regular DoD appropriations and the oversight process developed for DoD classified projects, without Congressional budget analysts and the general public being aware of how the different military intelligence services were secretly housing projects funded by the CIA siphoned funds.

A secret funding arrangement between the CIA and the different military intelligence services in a manner that bypassed budgetary restraints on DoD associated activities would offer considerable mutual advantages to the CIA and the military intelligence services if they wanted to create deep black projects outside of both the normal Congressional appropriation system and the regular DoD oversight process. First, the CIA had the legal power to transfer appropriations from other government agencies, keeping this secret and moving these funds to whatever operations it deemed necessary. The 1949 CIA Act describes this power as follows:

The sums made available to the Agency may be expended without regard to the provisions of law and regulations relating to the expenditure of Government funds; and for objects of a confidential, extraordinary, or emergency nature, such expenditures to be accounted for solely on the certificate of the Director.^[62]

As the clause makes clear, the CIA Director may use funds from the black budget "without regard to the provisions of law." This means that the DCI has enormous power in funding 'deep black programs' and disregarding any legal or budgetary restrictions where he deems a project to be of "extraordinary" or "emergency nature". Unlike other agencies, the Director of the CIA would be able to prevent the Inspector General of the CIA - an independent official appointed by Congress - from conducting a thorough audit of the CIA's budget and exposing the actual size of the black budget. The relevant statute from the CIA Act is worth quoting since it is unique restriction not found in the case of the power of Inspector Generals of other federal agencies:

The Director may prohibit the Inspector General from initiating, carrying out, or completing any audit, inspection, or investigation, or from issuing any subpoena, after the Inspector General has decided to initiate, carry out, or complete such audit, inspection, or investigation or to issue such subpoena, if the Director determines that

such prohibition is necessary to protect vital national security.^[63]

The above clause directly contradicts the relevant federal statute that governs Inspector Generals in other government departments and agencies: "Neither the head of the establishment nor the officer next in rank below such head shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation."^[64]

A second advantage from having the CIA act as the unofficial funding source, was that the various military intelligence agencies and Joint Chiefs of Staff would be able to provide the physical and personnel infrastructure for deep black projects to be funded by the CIA's black budget which comprised some funds from the appropriations of other government departments and agencies. This enabled the DoD associated intelligence services to circumvent the Congressional requirement that no appropriations for DoD activities be expended "unless funds therefor have been specifically authorized by law".^[65] In essence, the DoD and DCI were collaborating in circumventing Congressional intent designed to prevent DoD ever using funding sources outside of the Congressional appropriation process.

A third mutual advantage was that the CIA could play a significant consultative role in the various DoD associated intelligence agencies in both intelligence activities and covert operations that would be outside of the regular oversight process in Congress, the Executive Office and even the DoD. This would enable security professionals within the military intelligence agencies, rather than political appointees in Congress, the Executive Office and DoD to make key decisions in the oversight of the 'deep black projects' that could run on whatever 'unofficial' black budget funding the CIA could raise. The only restraint was the willingness of directors of different government agencies to allow some of portion of their budget allocations to go to the CIA and DoD agencies in the intelligence community, and to cover up the movement of significant sums of money that the CIA had raised elsewhere and were 'laundering' through these agencies. Most disturbingly, there is a growing body of evidence that a portion of the funds laundered through government agencies such as HUD by the CIA comes from organized crime and the drug trade.^[66]

Organized Crime, Drugs, and the CIA

Allegations of links between the CIA and the drug trade first came to public attention in the 1970's when a number of public officials came forward with evidence of such links. One of these was a former police officer in the Los Angeles Police Department (LAPD), Michael Ruppert. In 1977, as a result of his official investigation into the drug trade in Los Angeles, Ruppert uncovered evidence that the CIA was playing an active role in bringing drugs into New Orleans and Los Angeles. When Ruppert disclosed this information to his superiors in the LAPD, he became a target for surveillance, harassment and burglaries that eventually led to his resignation.^[67]

Another key official is a retired Drug Enforcement Agency agent, Celerino Castillo III, who was the lead DEA agent in Guatemala and discovered that the CIA was involved in the drug trade to raise finances for its covert operations. In a written statement to the House Permanent Select Committee on Intelligence Castillo gave detailed information on a number of drug running operations that involved cooperation between the CIA and organized crime cartels.^[68] Celerino claimed:

The key to understanding the "crack cocaine" epidemic, which exploded on our streets in 1984, lies in understanding the effect of congressional oversight on covert operations. In this case the Boland amendment(s) of the era, while intending to restrict covert operations as intended by the will of the People, only served to encourage C.I.A., the military and elements of the national intelligence community to completely bypass the Congress and the Constitution in an eager and often used covert policy of funding prohibited operations with drug money.^[69]

Another prominent official was Marine Colonel James Sebow, the third in command of the El Toro Airbase, California, who discovered evidence that C-130 cargo flights coming into the airbase from Central America were filled with drugs. Sebow communicated his finding to the base commander, Col Joseph Underwood, and then found himself along with Col Underwood, subject to investigations for minor offenses, relieved of command and threatened with Court Martial if he did not cooperate with the investigation. On January 22, 1991, Sebow was found dead, apparently by suicide, but an investigation by family members and supporters revealed evidence that he in fact was murdered for what he had discovered.^[70] On the day before his death, Sebow's widow recalled a conversation Sebow had with Col Underwood who had stopped by for a visit:

Underwood stopped by and repeatedly tried to talk Jimmy into accepting an early retirement to avoid a court-martial. Jimmy objected strongly. At this, Underwood became quite angry. Sally stated, "I have never seen such a vicious face as Joe's when Jimmy said he would not retire and would take the entire matter to a court-martial if necessary. Underwood jumped up and said, "You'll never go to a court-martial, and I mean *never!*"^[71]

The events surrounding Sebow's death support allegations that he had uncovered a CIA supported drug running operation into the US, and was murdered to prevent this from being exposed.

In the July 12, 1985 personal notes of Oliver North, used by his legal defense during his various trials and Congressional hearings over his role in selling US weapons to Iran to fund the Nicaraguan Contras, North reported that at a meeting involving a number of NSC and CIA officials, \$14 million was mentioned as the funds the Contra rebels would raise from the drug trade.^[72] North's admission did not get serious press in the use of drugs as revenue for covert operations.^[73] It can be inferred that North's efforts were an amateurish effort by an NSC 'basement team' to raise revenue for NSC covert operations that was modeled on a far more successful effort by the CIA to use revenue from the drug trade.

The best known case of an alleged link between the CIA and the drug trade emerged from the pioneering investigative journalism of Gary Webb in 1996 who published the "Dark Alliance" series in the San Jose Mercury during Summer 1996.^[74] Webb presented a compelling case that the CIA played a role in allowing drug money to be used to fund the Contra rebels in Nicaragua. While Webb's series was focused on the proceeds of drug activities going to the Contras, his conclusion that the CIA colluded in this endeavor supported broader allegations of the CIA using the drug trade to finance covert operations. Webb's series of articles generated intense national interest until the publication of 'independent' investigation by the Washington Post on October 4, 1996, claimed there was insufficient evidence to support Webb's allegations.^[75] The New York Times and Los Angeles Times followed up on October 20 with equally critical articles.^[76] Criticisms began to mount and eventually led to the editors of the San Jose Mercury apologizing for 'errors' in Webb's Dark Alliance series, and had Webb transferred to a less prominent news bureau.^[77] Webb resigned in disgust in November, 1997, ending a nineteen year career as a journalist. It was subsequently learned that one of the two writers of the Washington Post article, Walter Pincus was once a CIA asset, suggesting that the Post had been co-opted into a covert campaign to undermine Webb's work. The critical stories in the New York Times and Los Angeles Times relied on similar 'unnamed sources' to the Post article indicating that Webb had become a victim of a covert CIA operation through the 'establishment' newspapers to discredit his findings.^[78] In January 1998, the Inspector General of the CIA released a report exonerating the CIA of any role in the drug trade.^[79]

Having so far determined the existence of a black budget created by the CIA that circumvents Congressional intent on the use of appropriations of different federal departments and agencies, and/or involves laundering of funds possibly gained from organized crime and the drug trade, it is worth estimating the size of the CIA's black budget and what it is used for.

Estimating the Size of the CIA's 'unofficial' Black Budget

Using Fitts estimates of money missing from HUD, and knowledge of the appropriations process, a more accurate figure of the CIA's 'unofficial' black budget that feeds the intelligence community associated with DoD can be estimated. It should be emphasized that it is only the CIA that has Congressional authority to draw appropriations through other government agencies without 'without regard to any provisions of law' or 'intended use of appropriations'. This means that money missing from the Congressional appropriations of other agencies would be initially being siphoned through the CIA and no other intelligence agency. Other agencies in the intelligence community gather their appropriations through the DOD that generates the 'official' black budget through fictitious line items on its annual budget. Consequently, it can be concluded that appropriated money channeled through HUD and other agencies is going into the CIA's 'unofficial' black budget that in turn goes directly into deep black programs within the DoD associated intelligence agencies and specialized programs of the Joint Chiefs of Staff.

The CIA's 'unofficial' black budget would therefore not appear on the DoD budget as single line items but would be annually moved through the DoD budgetary mechanisms in a way that cannot be financially tracked. A description of the way this is done appears is described by Tim Weiner, author of *Blank Check: The Pentagon's Black Budget*:

One way the form [Form 1080, Voucher for Transfer Between Appropriations and/or Funds] is used to allow money to flow from the Treasury to the

Army, or from one Army account to another, is for an officer to fill out the 1080. The bursar then signs the form and issues a Treasury check. The 1080 vouches that the money has been used to pay for the costs of authorized programs. It creates an audit trail - a paper path showing money flowing.^[80]

An estimate of the size of the CIA's black budget, would therefore be unaccounted movement of funds through the DoD. According to an investigative journalist, Kelly O'Meara, the use of a range of accounting mechanisms such as "unsupported entries," "material-control weakness," "adjusted records," "unmatched disbursements," "abnormal balances" and "unreconciled differences" are evidence of large sums of money that are moved through the DoD that cannot be accounted for.^[81] Since the Inspector General of DoD has a certain degree of independence, traces of the CIA black budget would appear in auditing anomalies using some of the terms O'Meara describes. David K. Steensma, Acting Assistant Inspector for auditing DoD wrote in a 2002 report that "DoD processed \$1.1 trillion in unsupported accounting entries to DoD Component financial data used to prepare departmental reports and DoD financial statements for FY 2000."^[82] Elaborating on the significance of the DoD Inspector General reports, O'Meara has written:

[T]he deputy IG [Inspector General] at the Pentagon read an eight-page summary of DOD fiduciary failures. He admitted that \$4.4 trillion in adjustments to the Pentagon's books had to be cooked to compile the required financial statements and that \$1.1 trillion of that amount could not be supported by reliable information. In other words, at the end of the last full year on Bill Clinton's watch, more than \$1 trillion was simply gone and no one can be sure of when, where or to whom the money went.^[83]

According to the Office of the Inspector General, the accounting irregularities for fiscal year 1999 were even larger and added up to 2.3 trillion dollars; and for fiscal year 1998, these irregularities were 1.7 trillion (see table 2).

Table 2. Department of Defense (DoD) – Unsupported Accounting Entries 1998-2003

Fiscal Year	Unsupported Entries USD	Source	Highlighted Quotes
2002	Not disclosed due accounting irregularities	Independent Auditor Report	"DoD financial management and feeder systems cannot currently provide adequate evidence to support various material amounts on the financial statements. Therefore we did not perform auditing procures to support material amounts on the financial statements." ^[84]
2001	Not disclosed due accounting irregularities	Independent Auditor Report	"We did not obtain sufficient, competent evidentiary matter to support the material line items on the financial statements ... the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements" ^[85]
2000	1.1 trillion	Office of Inspector General, Audit	"Of the \$4.4 trillion in department-level accounting entries, \$2.8 trillion were supported with proper research, reconciliation, and audit trails. However, department-level accounting entries of \$1.1 trillion were unsupported or improper." ^[86]
1999	2.3 trillion	Office of Inspector General, Audit	"... department-level accounting entries of \$2.3 trillion were made to force financial data to agree with various sources of financial data without adequate research and reconciliation, were made to force buyer and seller data to agree in preparation for eliminating entries, did not contain adequate documentation and audit trails, or did not follow accounting principles." ^[87]
1998	1.7 trillion	Inspector General Statement	"... final statements were more untimely than ever and a record \$1.7 trillion of unsupported adjustments were made in preparing the statements." ^[88]

The Inspector General reports are important evidence that trillions of dollars were siphoned through the Department of Defense (DoD) for the fiscal years 1998-2002.^[89] Using the Inspector General reports of accounting anomalies, it can be estimated that Fitts and O'Meara's estimates of missing money from the DoD is a close approximation to the CIA's 'unofficial' black budget. Consequently, the CIA black budget is annually in the vicinity of 1.1 trillion dollars – a truly staggering figure when one considers that the DoD budget for 2004 will be approximately 380 billion dollars.^[90] This suggests that the vast size of the DoD in terms of its personnel, weapons systems and research into 'conventional weapons systems', is dwarfed by something that in funding terms is almost three times larger than the entire conventional military system funded by the DoD budget.

The vast size of the estimated CIA 'unofficial' black budget is strong evidence of a collective effort by the CIA and DoD associated military intelligence agencies and the Joint Chiefs of Staff, to fund a network of highly classified projects so large in scope that they collectively dwarf the original Manhattan project conducted at Los Alamos National Laboratories during the Second World War.^[91] Since the original Manhattan project aimed to develop an atomic bomb for use in the war against Nazi Germany, it can be inferred that the network of projects funded by the CIA's black budget aims to develop a range of advanced weapons systems and intelligence capabilities for use against an adversary whose existence and identity still remains classified.^[92] I will henceforth refer to this network of highly classified projects as the second Manhattan Project - 'Manhattan II' is the ultimate beneficiary of the CIA's 'unofficial' black budget.

Conventional Oversight System for the CIA's and DoD's Classified Programs

Oversight of the Manhattan II would predictably have been a major concern for the Truman administration that was instrumental in the passage of the National Security Act of 1947 and the CIA Act of 1949 that institutionalized the black budget that would fund Manhattan II. Major considerations of the Truman administration would have been to create an oversight body dominated by professionals that would not be affected by the partisan political process or by the new political appointees that came and went with each Presidential administration. Consequently, an oversight system would have evolved comprising individuals appointed either due to the technical abilities (e.g., scientists), political skills (e.g., international diplomacy experts), or military expertise (e.g., J-2 & J-3 directorates in the Joint Chiefs of Staff). This oversight system would have most likely evolved in a manner that was independent of the conventional oversight

system for classified projects. Consequently, before considering how oversight of the Black Budget and Manhattan II are conducted, it is worth exploring how the conventional oversight system works for classified programs in the CIA and DoD.

This conventional oversight system for highly classified intelligence activities and/or covert projects concerns Controlled Access Programs (CAPs) of the intelligence community or Special Access Programs (SAP) of the DoD. CAPs/SAPs are programs that have additional security measures attached to them over and above the normal classificatory system (confidential, secret, top-secret) attached to most classified information and programs.^[93] CAPs/SAPs are divided into two classes 'acknowledged' and 'unacknowledged' as described in a 1997 Senate Commission Report: "Publicly acknowledged programs are considered distinct from unacknowledged programs, with the latter colloquially referred to as "black" programs because their very existence and purpose are classified."^[94]

A 'waived' CAP/SAP is so sensitive that only eight members of Congress (the chairs and ranking members of the four intelligence [or defense] committees divided between the House of Representatives and Senate) are notified of a waived CAP/SAP without being given any information about it.^[95] This would enable them to truthfully declare no knowledge of such a program if asked, thereby maintaining secrecy of this CAP/SAP. If unacknowledged CAPs/SAPs are 'black programs', then 'waived' unacknowledged CAPs/SAPs are 'deep black'. The most secret of the intelligence and covert operations conducted by the CIA are 'deep black' CAPs.

CAPs are funded through the 'official' black budget and in theory are subject to both Executive and Congressional oversight.^[96] In practice though, Congressional oversight in the case of waived acknowledged CAPs is nominal as revealed by the 1997 Senate Commission Report. President Clinton's Executive Order 12958 issued on April 17, 1995, reformed how CAPs/SAPs would in future be created and oversight established. The main component of the Executive Order was that only the Director of Central Intelligence or the Secretaries of State, Defense and Energy (or their principal deputies) could create a CAP/SAP. CAPs/SAPs would be kept to an "absolute minimum"; and would be created when "the vulnerability of, or threat to, specific information is exceptional," and their secrecy cannot be protected by the normal classification system.^[97]

As far as oversight was concerned, the key clause in Executive Order 12958 was an effort by the Clinton administration to coordinate oversight through a central executive office (Information Security Oversight Office) that would be responsible to the National Security Council (NSC) and annually report to the President.^[98] The President's effort to centralize and coordinate oversight features of CAPs/SAPs was resisted by both the Defense and Intelligence communities. While in theory, oversight coordination occurs in the Information Security Oversight Office set up in the NSC that issues an annual report to the President; the power to approve or terminate a CAP/SAP lies with the respective intelligence community and DoD committees and executive officers. In general, Executive Office oversight of CAPs/SAPs has been described as "nothing more than a sop used to placate anyone who questions the propriety of an administration's covert action policy."^[99]

Oversight of CAPs/SAPs is performed by a committee comprising officials from the Intelligence Community, the Controlled Access Program Oversight Committee (CAPOC); and a similar committee in the DoD, the Special Access Program Oversight Committee (SAPOC).^[100] CAPOC reviews CAPs and Sensitive Compartmented Information (intelligence data) in the intelligence community annually and can recommend their 'compartmentation' or termination.^[101] It is however, only the Director or Deputy Director of the CIA that has the authority to "create, modify, or terminate controlled access programs."^[102]

While CAPOC provides more direct oversight and coordination of CAPs, it is not ultimately the body that oversees the CIA's most secret projects conducted in collaboration with the military intelligence community. The exclusion of some CIA CAPs from CAPOC is indicated in the following Directive from the Director of the CIA (DCI): "The DCI or DDCI may waive review by the CAPOC for programs covered by equivalent oversight mechanisms, or when review by the CAPOC is unnecessary to carry out the DCI's responsibilities."^[103] Essentially, if the DCI deems it unnecessary for CAPOC to provide oversight information of a CAP, then CAPOC plays no role in monitoring the program.

While the DCI is legally obliged to verbally notify Congress of the CIA's most sensitive CAPs without providing specific budgetary or operational details, there is no independent way of confirming if he indeed is doing so. Similarly, the DCI could similarly withhold information of the CIA's most sensitive CAPs to the National Security Council's "Information Security Oversight Office" (ISOO).

The extent to which authority is vested in the different security agencies is the way in which program managers of CAPs/SAPs have the authority to come up with their own rules concerning access and security. A 1994 Commission Report stated:

The special access system gave the program manager the ability to decide who had a need-to-know and thus to strictly control access to the information. But elaborate, costly, and largely separate structures emerged. According to some, the system has grown out of control with each SAP [CAP] program manager able to set independent security rules.^[104]

Program managers of CAPs/SAPs have the power to restrict access and information to the heads of Congressional Intelligence Oversight Committees, and even to the NSC's Information Security Oversight Office. Consequently, operational control of CAPs and SAPs is firmly maintained by CAP/SAP program managers who answer only to their immediate superiors despite the fact that they are funded by the CIA's unofficial black budget with the explicit support of the DCI. Consequently there are two categories of waived CAPs/SAPs or 'deep black programs': those CAPs/SAPs where oversight is exercised by the relevant oversight committees in the CIA, DoD and the Executive Office; and those CAPs where the program managers answer to an entirely different oversight body. I now explore whom it is that does provide oversight of the CIA's 'unofficial' Black Budget and Manhattan II.

Oversight of the CIA's 'Unofficial' Black Budget & Manhattan II

Considering the vast size and unconventional funding source for Manhattan II, it is worth exploring how oversight of both the CIA's 'unofficial' black budget and of Manhattan II has evolved, and whom program managers for projects funded by the CIA's unofficial black budget actually answer to. The vastness and secrecy surrounding Manhattan II from its inception sometime during the Truman administration places it outside of the conventional political process where the appointment of key civilian leaders is subject to partisan politics that could compromise the secrecy of Manhattan II and the black budget that funds it. In contrast, the conventional political process has little direct influence on the appointment of senior military personnel who undergo a process of first being recommended to the President by the relevant DoD promotions boards, then appointed by the President and finally confirmed by the Senate. While the military leadership of the DoD is outside the partisan political arena, this is not the case for the appointment of the civilians who take on key positions as Secretaries, Deputy Secretaries, and Undersecretaries of the different military services in the DoD with each new administration.

It is very likely that the senior military officials in key bodies such as the Joint Chiefs of Staff, are aware of Manhattan II without having detailed knowledge of the black budget that funds it. It is likely that the politically appointed leaders of the DoD have little substantive knowledge of Manhattan II, and have as their chief task the goal of ensuring secrecy of Manhattan II and of the CIA generated 'black budget' that feeds it. Thus the Secretary of Defense would play no formal oversight of Manhattan II, far less of the black budget that sustains it. The operational side of Manhattan II, in terms of product testing and application, is most

likely be controlled by the Joint Chiefs of Staff and the Directorates for Intelligence (J-2) and Operations (J-3) that are responsible for intelligence and operational functions of the DoD.

It is unlikely that the Director of the CIA (DCI) is made fully aware of the extent of the 'unofficial' black budget, the activities used to raise money for it, and the second Manhattan project it funds. The DCI like all agency and department heads appointed by the President and confirmed by the Senate is subject to the partisan political process. Up to the Carter administration, the tradition was that the appointment DCI would not be politicized. However, President Gerald Ford effectively abandoned this with the appointment of George Bush as DCI in 1975.^[105] President Carter appointed Admiral Stansfield Turner as the new DCI in 1977, who in turn was replaced by William Casey as the new DCI by President Reagan in 1981. Given the partisan political nature of the DCI since Bush, it is likely much of the budgetary authority of the DCI was secretly delegated by executive authority to a body that formally plays the key oversight role for the 'unofficial' black budget, and the covert projects it funds that make up Manhattan II.^[106] The delegated powers would most likely have derived from the Truman administration in the form of an executive order and/or National Security Council directive not published in the US Federal Gazette that is required for all executive orders, and thereby remains secret.^[107] Such an executive order/NSC directive would be reconfirmed and gradually expanded by subsequent administrations so that ultimate oversight of the black budget and of Manhattan II remained firmly outside of the conventional oversight process.

Consequently, effective oversight of Manhattan II, comes from an 'executive committee' especially established in a way that would make it immune to the partisan political process thus ensuring strict secrecy can be preserved, and politically motivated leaks prevented. The power and resources delegated to this 'executive oversight committee' for Manhattan II by the Executive Office, and its role in ensuring that 'black budget' funds are correctly used and kept secret from the general public, justifies a description of it as a 'shadow government'.

Conclusion

The method used in guiding the analysis in this report is to simply follow the money trail created by the CIA's black budget that enables a number of important insights to be drawn by the institutions playing key roles in generating, protecting and distributing black budget funds. Critical in this analysis has been the experience of individuals and companies such as Catherine Fitts and Hamilton Securities that experienced what evidence indicates was a CIA orchestrated covert campaign to discredit the financial tracking reforms that threatened to make more transparent the financial flows of HUD and other government agencies. The systematic accounting problems experienced by HUD and other agencies points to the existence of an unofficial black budget of up one trillion dollars annually. The size of the black budget and the CIA activities used to generate funds for it, point to a vast secret network of projects that is funded outside of the normal Congressional appropriation process. Consequently, what follows is a discussion of some of the primary conclusions that can be drawn and arguments made concerning the CIA's 'unofficial' black budget and the Manhattan II project it has been argued to fund.

It is worth repeating that the CIA is legally authorized by Congress to transfer, "without regard to any provisions of law", funds from other government agencies for the generation of a black budget. There is strong evidence that the CIA uses this power to disregard law to complement whatever funds it can generate through Congressional appropriations, with funds gained through the drugs trade and organized crime that is laundered through different government agencies. The total annual sum of the black budget is best estimated in the form of accounting anomalies in the main departmental recipient of all black budget funds, the DoD, and is in the vicinity of 1.1 trillion dollars that funds a network of classified intelligence activities and covert operations that collectively form a second Manhattan Project.

The oversight of Manhattan project occurs outside of the conventional oversight system that can be easily compromised by partisan politics. The oversight system that has evolved has been very successful in dividing different functions for Manhattan II in ways that balance institutional rivalries between national security organizations without compromising secrecy. Thus the CIA generates the black budget that in turns transfers these funds to projects that are institutionally located in the military intelligence and special operations units of the DoD. The various military intelligence agencies in turn hire private contractors and/or provide the necessary military resources for these covert programs to be conducted in national laboratories, military bases, private corporations or other classified locations. The program managers of each of the classified projects associated with Manhattan II answer directly to an 'executive committee' that is outside of the regular oversight process in DoD, CIA, Congress and the Executive Office. The Joint Chiefs of Staff have control of the testing and applications of Manhattan II products that are conducted in collaboration with the intelligence community. The respective intelligence, defense and appropriations committees in the US Congress provide legitimacy for Manhattan II and the black budget that funds it by not revoking the budgetary powers allocated to the CIA through the 1949 CIA Act. Finally, the Executive Office through the National Security Council issues the necessary executive orders/NSC directives to coordinate the functions and activities in all the branches of government in order to secretly run Manhattan II. Thus each branch of the national security system plays an important role in Manhattan II, without being fully in control of it, thereby insuring a division of powers according to different functions required for Manhattan II. Effective oversight of Manhattan II, however, comes from an 'executive committee' that is immune to the partisan political process and whose oversight power and control of resources makes it virtually a 'shadow government'.

It needs to be emphasized that the 'unofficial' black budget and Manhattan Project have legally evolved in ways to respond to a national security contingency that is yet to be revealed to the American public. The classified adversary that this elaborate secret system has been developed to respond to is arguably a potential threat that warrants an extraordinary network of covert programs that dwarf the original Manhattan Project and annually consume as much as 1.1 trillion dollars in a non-transparent manner. More disturbingly, the importance of Manhattan II is such that the CIA has evidently used organized criminal networks and the drug trade as sources to partially fund Manhattan II.

It is unclear when the full scope and impact of Manhattan II will be disclosed to the American public. However, the consequences in terms of increased loss of trust in federal government agencies, loss of morale among senior agency officials instructed to cover up black budget transactions, non-transparency in the flow of government appropriations, targeting of policy makers and business leaders who discover the fraudulent accounting and money laundering that occurs with the black budget, all warrant a serious examination of the need for maintaining the secrecy of Manhattan II and the black budget that funds it. Finally, the classified adversary against whom Manhattan II is directed requires immediate declassification due to the inherent dangers of dealing with what appears to be an undisclosed security threat in a non-transparent and unaccountable manner, and totally outside of the moral/legal restrictions that emerge from vigorous public debate in democratic societies.

- [1] I wish to acknowledge H.M. for his hospitality, intellectual stimulation and research facilities for the completion of this paper. Many thanks to A.M. for his assistance in printing and distributing this report. I wish to further thank Mike Schaefer and an anonymous reader for alerting me to errors in an earlier version of this paper.
- [2] 50 United States Code (U.S.C.) 403j(b). For an online database of all federal statutes codified in the USC, go to: <http://www.access.gpo.gov/uscode/index.html>
- [3] See Tim Weiner, *Blank Check: The Pentagon's Black Budget* (Warner Books, 1990) 118
- [4] 95 *Congressional Record* 1945 (1949). Also quoted in Weiner, *Blank Check*, 119
- [5] 50 U.S.C. 403f(a)
- [6] This occurred to Catherine Austin Fitts whose work in detailing the black budget will be examined later.
- [7] Cited in Fletcher Prouty, *The Secret Team*, <http://www.ratical.org/ratville/JFK/ST/STchp3ii.html>
- [8] Data comes from a declassified CIA document detailing its projected budget for fiscal year 1953, "Location of Budgeted Funds for Fiscal Year 1953," CIA, 15 February, 1952, available online at: <http://www.fas.org/sgp/othergov/cia1953bud.pdf>
- [9] Converting 1953 dollars into 2002 dollars, I used the conversion factor 0.175. For more details see, "Consumer Price Index (CPI) Conversion Factors to Convert into 2002 dollars," http://oregonstate.edu/Dept/pol_sci/fac/sahr/cv2002rs.pdf
- [10] Quoted in Weiner, *Blank Check*, 218.
- [11] Quoted in Weiner, *Blank Check*, 219.
- [12] Quoted in Weiner, *Blank Check*, 220-21.
- [13] Quoted in Weiner, *Blank Check*, 222. *Richardson v. U.S.* 465 F. 2d 844, 853, United States Court of Appeals for the Third Circuit, 1972.
- [14] For the courts ruling as well as dissenting opinions, see *U.S. v. Richardson* (418 U.S. 166) 167-202.
- [15] For further discussion see "The CIA's Secret Funding and the Constitution," 84 *Yale Law Journal* 613 (1975).
- [16] See Senate Select Committee on Intelligence, *Whether Disclosure of Funds for the Intelligence Activities of the United States Is in the Public Interest*, Report No. 95-274, 94th Congress, 2nd Session, June 16, 1977 (Government Printing Office, 1977). Also quoted in Weiner, *Blank Check*, 137-38
- [17] See Weiner, *Blank Check*, 138.
- [18] FOIA was enacted in 1966 as Title 5 of the United States Code, section 552. For online information, see <http://www.usdoj.gov/04foia/referenceguidemay99.htm>
- [19] See "FAS Sues CIA for Intelligence Budget Disclosure," <http://www.fas.org/sgp/foia/ciafoia.html>
- [20] For a copy of the lawsuit, see "FAS Sues CIA for Intelligence Budget Disclosure," <http://www.fas.org/sgp/foia/ciafoia.html> . For a website describing the Intelligence Community, go to <http://www.intelligence.gov/> .
- [21] See Intelligence Authorization Act for Fiscal Year 1998, Amendment No.416 Congressional Record: June 19, 1997 (Senate) p. S5963-S5978]; Available online at: <http://www.fas.org/sgp/congress/s858.html>
- [22] "House Debate on Intelligence Budget Disclosure," Intelligence Authorization Act for Fiscal Year 1998, Congressional Record: July 9, 1997 (House)] p. H4948-H4985. Available online at: <http://www.fas.org/sgp/congress/hbudg.html>
- [23] See "Statement of the Director of Central Intelligence Regarding the Disclosure of the Aggregate Intelligence Budget for Fiscal Year 1997," <http://www.fas.org/sgp/foia/victory.html>
- [24] Marchetti and Marks, *The CIA and the Cult of Intelligence* (Alfred Knopf, 1974) 61, 81.
- [25] Wise, *The American Police State* (Random House, 1976) 185.
- [26] See Federation of Atomic Scientists, <http://www.fas.org/irp/agency/budget1.htm>
- [27] The conversion ration is 0.908 to convert from 1998 to 2002, see "Consumer Price Index (CPI) Conversion Factors to Convert into 2002 dollars," http://oregonstate.edu/Dept/pol_sci/fac/sahr/cv2002rs.pdf
- [28] See Mari Kane, "On the Money Trail: The dangerous world of Catherine Austin Fitts," *North Bay Bohemian*, September 5-11, 2002: <http://www.metroactive.com/papers/sonoma/09.05.02/fitts-0236.html>
- [29] See Kane, "On the Money Trail," *North Bay Bohemian* (September 5-11, 2002). Available online at: <http://www.metroactive.com/papers/sonoma/09.05.02/fitts-0236.html>
- [30] See Kane, "On the Money Trail," <http://www.metroactive.com/papers/sonoma/09.05.02/fitts-0236.html>
- [31] See Kane, "On the Money Trail," <http://www.metroactive.com/papers/sonoma/09.05.02/fitts-0236.html>
- [32] See Uri Dowbenky, "HUD Fraud, Spooks and the Slumlords of Harvard," *Bushwhacked: Inside Stories of True Conspiracies* (National Liberty Press, 2003) 1-18. Available online at: <http://www.conspiracydigest.com/bushwhacked.html>
- [33] Paul M. Rodriguez, "Mortgage Scandal - HUD Gives Up With Fitts," *Insight On the News*, available online at: <http://www.insightmag.com/main.cfm?include=detail&storyid=161204> . However, a civil suit by John Ervin & Associates was allowed to continue by the government even though it had the ability to end the case since it found no evidence of wrong doing. This effectively meant that Ervin Associates would continue to tie up Hamilton Securities and Catherine Fitts in the court system.
- [34] See Fitts, "Summary of Events As of February, 2001: <http://www.solari.com/media/summary.html>
- [35] Catherine Austin Fitts, "Experience with FHA-HUD Background Information for Unanswered Questions," June 2003. Available online at: <http://solari.com/gideon/fhalist.htm>
- [36] See Kelly Patricia O'Meara, "Why Is \$59 Billion Missing From HUD?" *Insight on News* (Nov 6, 2000). Available online at: <http://www.insightmag.com/main.cfm?include=detail&storyid=246245>
- [37] Susan Gaffney , "Audit Results for the Department of Housing and Urban Development," *Testimony before a hearing of the Subcommittee on Government Management, Information, and Technology* (March 22, 2000 1999). Available online at: <http://www.wheresthemoney.org/59billion.htm> and <http://www.hud.gov/offices/oig/data/reform.pdf>
- [38] Quoted in Kelly Patricia O'Meara, "Why Is \$59 Billion Missing From HUD?" *Insight on News* (Nov 6, 2000). <http://www.insightmag.com/main.cfm?include=detail&storyid=246245>
- [39] Quoted in Kelly Patricia O'Meara, "Why Is \$59 Billion Missing From HUD?" *Insight on News* (Nov 6, 2000). <http://www.insightmag.com/main.cfm?include=detail&storyid=246245>
- [40] "HUD's Financial Woes Continue," *Insight On the News* (April 18, 2003). Available online at: <http://www.insightmag.com/news/421370.html>
- [41] For discussion of the difficulties encountered by Fitts' company, see Paul Rodriguez, "Thankless Task," *Insight on the News* (May 21, 2001). Available online at: <http://www.insightmag.com/main.cfm/include/detail/storyid/210955.html>
- [42] Catherine Fitts, "The Myth of the Rule of Law or How Money Works: The Destruction of Hamilton Securities." *SRA Quarterly: Third Quarter Commentary* (London, 2001) 2. Available online at: <http://www.solari.com/gideon/q301.pdf>
- [43] Dowbenky, *Bushwhacked*, available online at: <http://www.conspiracydigest.com/bushwhacked.html>
- [44] Dowbenky, *Bushwhacked*, available online at: <http://www.conspiracydigest.com/bushwhacked.html>

- [45] Dowbenky, *Bushwhacked*, available online at: <http://www.conspiracydigest.com/bushwhacked.html>
- [46] See Fitts, "Summary of Events," <http://www.solari.com/media/summary.html>
- [47] For background information on Judge Sporkin, see "Stanley Sporkin, Bio & Selected CIA Iran Contra Background," <http://www.solari.com/media/SporkinBio.html>
- [48] Fitts' own conclusion was that the CIA was indeed involved in the destruction of Hamilton, but her view was that HUD was being used to launder money from the illicit drug trade. Catherine Fitts, "The Myth of the Rule of Law or How Money Works," *SRA Quarterly*, 5.
- [49] Report of Senator Fred Thompson, Chairman, Committee on Governmental Affairs, on Management Challenges Facing the New Administration (US Senate, 2002) available online at: http://www.senate.gov/~gov_affairs/vol1.pdf
- [50] Special Access and Covert Access programs will be described later in this report.
- [51] For history of OSS, See Michael Warner, "Office of Strategic Services," <http://www.cia.gov/cia/publications/oss/foreword.htm>
- [52] See State Department history of Intelligence Services, http://www.state.gov/www/about_state/history/intel/intro.html
- [53] See 50 U.S.C. 401
- [54] The Intelligence Community website is: <http://www.intelligence.gov/>
- [55] 50 U.S.C. 404(b).
- [56] 50 USC 403-4(c)
- [57] 50 U.S.C. 403-5(a)
- [58] 50 U.S.C. 403-6(a)
- [59] Statistics on the estimated budgets and personnel of the different intelligence agencies are available online at: <http://www.fas.org/irp/commission/budget.htm>
- [60] 10 USC 114. Available online at: <http://www4.law.cornell.edu/uscode/10/stApIch2.html>
- [61] The relevant Congressional statutes for SAPs is 10 U.S.C. 119
- [62] 50 U.S.C. 403j (b)
- [63] 50 USC 403q (b)(3)
- [64] 5a U.S.C. 3(a)
- [65] 10 U.S.C. 114. Available online at: <http://www4.law.cornell.edu/uscode/10/stApIch2.html>
- [66] See Gary Webb, *The Dark Alliance* (Seven Stories Press, 1998). For online information on the connection between the CIA and the drug trade, see Michael Rupert's 'From The Wilderness' website: <http://www.fromthewilderness.com/>
- [67] For a brief summary of Rupert's background, see "Opening Remarks of Michael C. Rupert for the Senate Select Committee on Intelligence," available online at <http://www.fromthewilderness.com/free/ciadrugs/ssci.html>
- [68] "Written Statement of Celerino Castillo III (D.E.A., Retired) to the House Permanent Select Committee on Intelligence," April 27, 1998. Celerino's statement is available online at: <http://www.fromthewilderness.com/free/ciadrugs/contral.html>
- [69] Castillo, "Written Statement," available at: <http://www.fromthewilderness.com/free/ciadrugs/contral.html>
- [70] See David Zuchino, The suicide files: Death in the military----last of a four part series," *The Philadelphia Inquirer*, December 22, 1993. Available online at: <http://www.whatreallyhappened.com/RANCHO/POL>
- [71] Gary Null, "The Strange Death of Col Sabow," <http://www.garynull.com/documents/sabow.htm>
- [72] Lawrence E. Walsh, Final Report of the Independent Counsel for Iraq/Contra Matters, Vol 1. (United States Court of Appeal for the District of Columbia Circuit, 1993) ch. 21. Available on line at: http://www.fas.org/irp/offdocs/walsh/chap_21.htm
- [73] See Michael Ruppert, "A CIA Confession: Oliver North Exposed," *From the Wilderness*, October 21, 1998. Available online at: <http://www.fromthewilderness.com/free/ciadrugs/volii.html>
- [74] Webb subsequently wrote the book, *Dark Alliance* (Seven Stories Press, 1998).
- [75] See Robert Suro and Walter Pincus, "The CIA and Crack: Evidence is Lacking of Alleged Plot," *Washington Post*, October 4, 1996. See also Webb, *Dark Alliance*, 448-50.
- [76] See "Tale of CIA and Drugs Has Life of Its Own," *New York Times*, October 20, 1996. The Los Angeles Times articles ran over three days beginning October 20. See also Webb, *Dark Alliance*, 452-55.
- [77] See Webb, *Dark Alliance*, 461-65.
- [78] Webb, *Dark Alliance*, 450-52.
- [79] Inspector General, CIA, "Report of Investigation: Allegations of Connections Between CIA and The Contras in Cocaine Trafficking to the United States (Office of Inspector General Investigations Staff, CIA, January 29, 1998) Vols 1-2. Available online at: <http://www.cia.gov/cia/reports/cocaine/report/index.html>
- [80] Weiner, *Blank Check*, 178-79.
- [81] Kelly Patricia O'Meara, "Government Fails Fiscal-Fitness Test," *Insight on the News* (April 29, 2002). Available online at: <http://www.insightmag.com/news/246188.html>
- [82] David K. Steensma, "Agency Wide Financial Statements. The Department of Defense Audit Opinion." (February 26, 2002) The Report can be viewed online at: <http://www.dodig.osd.mil/Audit/reports/fy02/02-055.pdf>
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- [85] Independent Auditor's Report on the Department of Defense Fiscal Year 2001 Agency-Wide Financial Statements (02/26/02), Report No. D-2002-055, <http://www.dodig.osd.mil/Audit/reports/>
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- [89] See Fitts, "Real Deal, Saving Tennessee," *Scoop UQ Wire* (July 4, 2002). Available online at: <http://www.scoop.co.nz/mason/stories/HL0207/S00031.htm#> Fitts has a website with a number of resources describing how more than a trillion dollars are annually unaccounted for in a number of government agencies. Go to <http://www.solari.com>
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- [100] See, Director of Central Intelligence, “Controlled Access Program Oversight Committee,” *Directive 3: 29* (June 1995) <http://www.fas.org/irp/offdocs/dcid3-29.html> . For the DoD oversight body, see Deputy Secretary of Defense, “Special Access Program Oversight Committee,” *Information Bulletin: November 1994*. Available online at: <http://www.fas.org/sgp/othergov/sapoc.html> .
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