



DANIEL MORGAN GRADUATE SCHOOL
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presents

Circle of Treason: Aldrich Ames and the CIA

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Before I begin, I want to say a few words about my coauthor, Jeanne Vertefeuille. For those of you who are unaware, Jeanne passed away; it will be three years ago, on the 29th of December following a short and totally unexpected illness. While she did live to see the book published, we both know she would not be able to participate in any success it might enjoy. I am here today to speak for both of us as I tell you about our journey to determine who or what caused the wholesale loss of our Soviet assets in 1985 and in 1986. In 1991, that road led us to search for a traitor in CIA. To make matters worse, we knew he would not be a stranger. He'd be a friend, someone we had known for a long time and someone we saw frequently in the hallways of our Headquarters building.

But, *Circle of Treason* is not just a story about how we uncovered a traitor. It's much more than that. For the first time, we are able to share the history of CIA's operational contacts with the real heroes in this book - our traitor's victims. Many of their stories are ours as well. We participated in the handling of some of these cases and we watched as those we knew were arrested and executed. Always concerned that we, CIA, made a mistake that led to their deaths is a burden no one ever wants to carry—trust me. However, that's indeed what a number of us in the Soviet and East European Division and in other components in our Directorate of Operations had to do for the next eight years until our traitor was uncovered.

You may have noticed that I have yet to mention his name. We all know who he is, Aldrich Ames or Rick as he is known to us. Yes, Rick was a friend. Jeanne and I had known him for over 20 years. As a matter of fact, Rick and I carpooled to and from work in the mid-1970s. And this is the same individual, who on April 16th, 1985 made the decision to walk through the front door of the Soviet Embassy, then downtown Washington, D.C. on 16th Street and volunteer his services to the Soviet Union. Two months later, he made a second decision, and that was to provide his KGB handlers with the names of, or identifying information on every single one of our active Soviet assets, as well as those who dormant or long retired from service. And in doing so, Rick Ames knew exactly what these men faced. They would be arrested, interrogated, tried, sentenced, and executed. In all cases, it was a bullet to the back of the head.

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Before I get into our story, I'd like to introduce you to the major players and components that were involved during this difficult time in our history. From 1985 until Rick's arrest in 1994, basically all the action took place in two components in our Directorate of Operations. One was the Soviet East European Division headed by a long time Soviet operations officer and a former Chief of Station in Moscow, Burton Gerber. The second component was the Counterintelligence Center, also headed by a long time Soviet operations officer, and a former chief in Moscow, the late Gus Hathaway. In early '85, both Rick and I were assigned to the Soviet East European Division working for Burton as branch chiefs. My component was responsible for directing operations against our Soviet and East European targets in Africa. Rick's branch was responsible for providing counterintelligence guidance on Soviet cases only to our geographic units. Additionally, they did case studies and wrote papers on the two Soviet Intelligence Services - the well-known KGB, and the lesser known but equally important GRU, the Military Intelligence Directorate of the Soviet General Staff.

In 1985, Jeanne was not at headquarters. She was serving abroad as Chief of Station in Libreville, Gabon. She returns to Washington in '86 and then is assigned to a very important position which I will cover later.

One last point I want to make, because it determines which component takes what action. Within the Directorate of Operations, only the Counterintelligence Center had investigative authority. The Soviet East European Division had none. Our job was straightforward: recruit and handle assets, and do so securely.

Now, it's 1985 and our nightmare begins.

There are big changes taking place in Moscow in the spring of the year. Specifically, Mikhail Gorbachev assumes power in the Soviet Union. But it is business as usual back in the Soviet East European Division, CIA Headquarters, Langley, Virginia; and business is very, very good. It's not an exaggeration to say that we had been so successful against the KGB and GRU that we probably knew more about these two organizations than any single individual assigned to them. As one former and senior KGB officer would say years later when talking about this early '85 period: "The CIA didn't just have one station in Moscow, they had three. They had the traditional one in the US Embassy; they had a second one in the middle of KGB Headquarters, and a third one in the middle of GRU Headquarters." It's against this backdrop that we have no, I repeat *no*, indication of our impending human disaster.

It's late May 1985 and GRU officer Bokhan, assigned to Athens, Greece, tells us that he had been ordered to return to Moscow to take care of a problem involving his son who is attending a military academy there. Bokhan contacts his brother, also in Moscow, and he doesn't know of any difficulties. We advise Bokhan to defect rather than get on that aircraft. He agrees, and we bring him safely to the United States.

Early August 1985: KGB counterintelligence officer Colonel Poleschuk is arrested in Moscow during a home-leave from Lagos, Nigeria. As you might gather, this one is personal. It is my branch that is responsible for handling the operation and for ensuring his safety. Additionally, Poleschuk and my association went back eleven years earlier to Katmandu, Nepal, where he agreed to work for us and where I was fortunate to support the case for an extended period.

Late August 1985: GRU Officer Smetanin is arrested in Moscow, also during a home-leave, in this case from an assignment in Lisbon, Portugal.

November 6th 1985: KGB scientific and technical officer Martynov, who is assigned to the Embassy here in Washington, D.C., boards an Aeroflot flight at Dulles Airport bound for Moscow. This is supposed to

be a short trip, over and back, as Martynov, who is run jointly by the FBI and CIA, is serving as one of the KGB escort officers for our infamous KGB defector Vitaly Yurchenko. Martynov never returns.

Again, early November: KGB illegals support officer Varenik, whom we are meeting in Bonn, West Germany, tells us he has been invited to attend a three- or four-day KGB conference in East Berlin. No problem, though. He'll be back in time for our next scheduled re-contact. That's the last time we see Varenik.

The losses continue into 1986.

March: Moscow Station Officer Mike Sellers is ambushed by the KGB on his way to meet with a Moscow City Directorate asset of ours, Vorontsov.

June or July, as best as we can tell: GRU Colonel Vasilyev is arrested in Moscow where we are handling the case. Our last scheduled contact with him had been in December of '85 via a dead drop exchange. There were no security issues. Additionally, we had previously handled the colonel during his earlier assignment to Budapest, also a denied area at the time and again no security issues.

July 7, 1986: GRU General Dmitriy Polyakov is arrested in Moscow one day after his 65th birthday. The General, who is retired from the GRU at the time, is the highest ranking Soviet intelligence officer that this government has ever run. We had over a 20-year history with him. He was our crown jewel. And this one is also personal. More than half of my 26-year career with CIA was intertwined with this operation.

Unfortunately, I have to go into 1987. February: KGB Colonel Piguzov is arrested in Moscow and we have been out of touch with him since 1978 when he left Jakarta, Indonesia on permanent reassignment to Moscow.

With the exception of Bokhan, every single person I have mentioned was executed. By the end of 1985, certainly not 1986 nor 1987, there is no question something is seriously wrong. We have lost four active assets in four months. It's never happened before; unprecedented. There are two theories, each probably pretty obvious to everybody in this audience. We either have a traitor, or our communications have been compromised. In other words, the Soviets are reading our traffic.

What do we do?

Our first action is triggered by the appearance of a new Soviet source in January 1986. We have only one goal. We have to find some way to try to keep this individual alive. Since we don't know whether we have a human penetration of CIA or a technical penetration, we have to guard against each.

To address the traitor side of the equation, we, in the Soviet East European Division, instituted what we call "draconian" security measures. Simply a fancy word to say we severely limited the number of people who were aware of or would be made aware of our new asset truly to not many more than a handful.

To address the security of our staff communications relative to Soviet operations, we simply chose to ignore them. There was no cable traffic between CIA Headquarters and the Field Station where the asset was located. So how do you communicate? Well, Moscow rules again: we went back to basics, but with a technical twist. We sent a headquarters-based case officer, in alias, indirectly to the asset's location. Once there, he went nowhere near the US Embassy and met the asset in a safe house. Upon completion of each meeting, he would return to his hotel room and transfer his meeting notes to a laptop computer and then encrypt them. After the meeting cycle was over, he would return to Washington, again, indirectly, where the meeting notes would be broken out. Now, obviously today, a laptop computer with encryption

capabilities is not out-of-the ordinary, but let me tell you. In 1986 it was cutting edge. And I will add, and this is based on personal experience, it was the least user-friendly software I have ever encountered.

Now it's time to reintroduce my co-author Jeanne Vertefeuille. As I mentioned, she was abroad when this whole problem started, but in the fall of 1986 she returns home and is assigned to a position in the Counterintelligence Center, personally by Gus Hathaway, to head-up a small taskforce to investigate our losses. Now, this was primarily an analytical effort. Jeanne and her people reviewed all the cases, they looked for patterns, they looked for commonalities, and they put all this information into a digital format.

Concurrently, the FBI establishes a taskforce of its own to look at the cases it lost during the same time period as we. That's right, we were not in this mess by ourselves. Jeanne's group and the Bureau's group meet frequently. They exchange information, and they exchange ideas. However, after each get-together, whether it was at our respective headquarters or at offsite locations, everybody always came away with far more questions than answers.

Is anybody curious as to where good old Rick is? Well, from October 1985 until September 1989 he was basically out of sight and out of mind. As I mentioned, in early 1985 he was assigned to the Soviet East European Division, which he leaves in October for full-time Italian language training in preparation for his next assignment to Rome. In July of '86, Rick, along with his relatively new wife Rosario, leave the United States for Italy where they remain for three years until July '89 when they return to Washington this time with their new young son, Paul. In September of '89, Rick is once again assigned to the Soviet East European Division as a branch chief. This time he had the Czech Branch as I recall.

Now, just to make things a little bit more interesting for us, as we were trying to stop the hemorrhaging and determine why this disaster had occurred, in January 1986, the KGB, still busy with arrests, still busy with executions, initiated the first of two deception operations against us to answer our why question.

The first volunteer appears, literally, within a couple of weeks of our new and legitimate asset. We simply call him Mr. X. The second deception case does not begin until June 1988 and it continues for just about three years. This individual gets an official CIA cryptonym, GTPROLOGUE.

First to Mr. X. He is a self-described KGB officer who volunteers via a letter sent to one of our operations officers in Bonn. In Mr. X's first letter, as well as a number of subsequent ones, he tells us that we have a mole in our communications facilities located outside the Washington, D.C. area. Per Mr. X's demands, he is never met, but he is provided with, I would say, fairly sizeable sums of cash via dead drops in East Berlin. By the fall of 1986, we all agree that Mr. X simply does not exist and that this has been an attempt by the KGB to deceive us. We break contact.

While I do not like to admit it, the KGB deserves a great deal of credit for the second deception operation. It was beautifully conceived, perfectly run, and I might add, they read us to a T.

As I mentioned, the next case began in June 1988 when an unidentified Soviet male passed an envelope to our Chief of Station Moscow on the train from Moscow to, then, Leningrad. This man subsequently identifies himself as Aleksandr Zhomov, a KGB staff officer, internal counterintelligence, who was assigned to the component at KGB Headquarters Moscow that ran all KGB operations against our personnel there. Obviously, this would be a huge catch. Now, among the material in that package passed in the initial encounter, there were a number of KGB documents. One was of particular interest. It was the KGB's assessment of the activities of our Moscow Station personnel from 1984 until the end of 1986. Obviously a critical period for us. In the document, the KGB concluded that there was only one reason for

its successes during this period, and our failures. It was none other than poor tradecraft by Moscow Station personnel. In other words, it was our fault.

So, what does Mr. Zhomov want in exchange for his continued cooperation? Well, his first request everybody could guess; happens in almost every case. His second request, while not out-of-the ordinary, it did have a bit of a strange twist.

Okay, his first request was money. Lots and lots of money. His second request was that he wanted our assistance in leaving the Soviet Union, but only when he told us it was time to go. I'm not going to go into the details here, I'm just going to summarize. Before too long, Jeanne and I began to believe that Mr. Zhomov was nothing more than the son of Mr. X and that this has been a KGB controlled operation since its inception. However, despite a number of tries over the next couple of years, we are unable to convince the then-leadership of the Soviet East European Division, my division, that we were being had. And when Zhomov told us it was time to go, the exfiltration went into effect. As Jeanne and I expected, Mr. Zhomov was a no show at the pick-up point. But he did send us a message. He said that our plan was simply too dangerous and that he would have to break contact.

So, what do we lose here other than our professional pride? Well, we lost plenty. We provided Mr. Zhomov with a great deal of money that found its way into the KGB treasury. We also provided the KGB with our plans for exfiltrating our assets from the Soviet Union. And if that were not enough, we gave them a valid US passport. And I might add -- obviously this would have been unknown to us at that time - - we contributed greatly to the rapid promotion of Mr. Zhomov to the highest ranks of the KGB.

At the end of the Zhomov case, it's early 1991, and we are absolutely no closer to determining to why we lost those assets in '85 and '86 than we were then. This is not to say that there weren't plenty of leads, and that Jeanne's taskforce had not done its job. There were numerous leads; each was investigated and each was discarded.

Now, that was the bad news. Now to the good news. Remember those draconian security measures that were put into effect? Guess what? They had worked. We had not lost a new Soviet asset since January 1986 and our number had continued to increase. We were once again back in business. But there's always a 'but' in the story. This meant to some senior officers, not a lot, but some, that what happened in '85 and '86 obviously no longer existed. Our current operations weren't being affected, and while it might be nice to know, it was of historical interest only. Fortunately, there were those who did not agree with the history camp. One was none other than, you can guess, Jeanne Vertefeuille.

She was facing mandatory retirement at the end of the following year. She felt guilty that she had failed at her charge to determine the answer to this mystery. And she wanted to spend the rest of her time until mandatory retirement taking one more look at these cases. Jeanne viewed this as a solitary effort, but that was soon to change.

Enter another gentleman, very important in this saga, named Paul Redmond. Paul was the new Deputy Chief of the Counterintelligence Center. He had come from the same position in the Soviet East European Division and I will add that Jeanne, Paul, and I were good friends. We had a great deal of professional respect for one another, and Jeanne and I over the years had worked for Paul or with him on many special cases.

Shortly after Redmond's arrival in the Counterintelligence Center, he and Jeanne went to FBI Headquarters on a matter totally unrelated to their and our losses in the 80's. After completion of this business, Redmond engaged in some small talk and just happened to mention that Jeanne was going to

take another look at the old cases we lost. The Bureau immediately asked if they could join; Redmond said sure, not a big deal.

That same afternoon, after Jeanne and Redmond had returned to our headquarters, Redmond called me and told me about the little taskforce and asked if I would join the effort. He knew I was planning on resigning from CIA and that only an opportunity to determine why we had lost General Polyakov and Colonel Poleschuk would keep me working. I immediately said yes and left the Soviet East European Division to join Jeanne in the Counterintelligence Center.

About a month later, our two colleagues from the FBI appeared: Special Agent Jim Holt and Soviet Analyst Jim Milburn. (As an aside, Jim Holt had some real skin in this game. He happened to be the FBI case officer in our joint operation involving Martynov, who was arrested and executed.) Later we added a fifth member to our team: a young CIA Office of Security employee named Dan Payne. Dan was a valuable addition because it was he who handled all the information and activities related to Rick Ames' finances.

As you can see, what became known as the Ames molehunt team, really was the creation of Paul Redmond. He was the catalyst and he deserves a great deal of credit for any of our eventual successes. I will add, along with Burton and Gus, Redmond was present at the beginning of our losses and were the three who cared most about finding our traitor.

I'm not going to discuss the details of the work of our team here, but I am going to cover two events because I believe they were significant in our eventual success. At first though, I want to emphasize that at no time in our deliberations from the very beginning until the very end, did we hide from anyone -- and that includes Rick Ames -- that we were searching for a human penetration of CIA. This was not going to be a paper exercise.

How do we start? As it turned out, our approach to this question paid big dividends. Our first task was very obvious. We simply had to draw up a list of names of those people, CIA employees both current and former, who had access to one or more of our operations. All of our friends were on this list. *We* were on the list. After some initial paring by Jeanne and myself, we got the list down to about a hundred and sixty.

There was absolutely no way we could investigate a hundred and sixty people without an army. We have to find some way to prioritize and it is Jeanne to the rescue. Her idea was very simple, certainly not scientific, and as she liked to say was roundly criticized, but only by those who saw that Rick was in handcuffs. What we did was to have all four members of our little taskforce, the two Jims from the FBI, Jeanne and myself, as well as six others: two from Bureau Headquarters, four from CIA list on a sheet of paper the names of five or six people who made them uneasy and whom they believed we should take a close look at. And yes, the word we used was *uneasy*. We also asked that they consult with no one. This was their list alone. The second request was to put their selections in rank order. The one who made them the most uneasy, received first place and so on down. Jeanne and I took the submissions and we assigned a numerical value to each entry.

As you might guess, this was not a contest you wanted to win. Anytime your name appeared in first place, you got six points. Second place, five. We totaled the number, and in hindsight, what a shocker. The winner was none other than Rick Ames. He had the most points: twenty-one. Now, I will admit, we had some in double digits, but Rick was by far and away the winner. Additionally, I also want to admit, we didn't ignore the remainder on that long list. But we did concentrate on those on our new short list; and eventually, Rick Ames became our primary focus.

One other thing I will add, since I'm the one telling the story. I'm going to quote Jeanne and toot my own horn: "Of all those who voted, only Sandy gets the gold star. She had him number one."

Okay, now to the second significant event. Was there a Eureka moment? Yes, there was. It wasn't quite that exciting, but it was important. It happened in early August, 1992, just a little over a year after our taskforce had been formed. By this time, Rick is the one we're looking at. I had been given a task to develop a chronology of all of Rick's whereabouts and activities from 1984 to, the then, present. Eventually, this document totaled over 500 pages. It was text-searchable, was mind numbing to compile, and worse to read. But it did turn out to be a valuable investigative tool.

In my research, I came across information that in early 1985, Rick Ames, in alias, was attempting to develop a Soviet arms control specialist named Chuvakin, who was assigned to the embassy here in Washington. There was nothing unusual about Rick's participation in this activity. Nothing. In those days, the Bureau simply had insufficient man-power to cover the target, and often, Soviet East European Division case officers assigned to headquarters between their overseas assignments, would assist the Bureau, particularly in developmental cases. That's what Rick was doing. His meetings, or luncheons, with Chuvakin was reported to each organization and obviously, his contact with Chuvakin was approved by each organization. One last thing: Chuvakin was not a KGB officer. He was not a GRU officer. He wasn't a KGB co-optee, at least at that point. He was just who he said he was. There was nothing out-of-the ordinary, so I simply added Rick's contacts with Chuvakin to the chronology.

That particular August '92 morning, Dan Payne, who is now an official member of our taskforce, had received a package of information from one of the local Virginia banks where Rick and Rosario had an account. In that package, there were three cash deposit slips. After Dan finished adding the information to a spreadsheet he was working on, on Rick's finances, he passed it over the cubical wall to me and I simply added it to the chronology.

Again, Rick volunteered on April 16th, 1985. First deposit slip, May 18th 1985. This one was for \$9,000 in cash. As I'm typing the information into the chronology, I just glance at the line above. Gee, what a coincidence. The day before, May 17th, Rick had lunch with Chuvakin. Second deposit slip, July 5th; this one is for \$5,000 in cash. Obviously, July 4th is a Federal holiday, banks are closed. July 3rd, as it turns out that year, banks were also closed. The day before that, July 2nd, Rick has lunch with Chuvakin. A little bit more interesting. The final deposit slip we had at that time was dated July 31st, 1985 and this one was for \$8,500 in cash. That same day, Rick had lunch with Chuvakin. That was it - the Eureka moment. And why was this correlation so important? It was the first link that would lead to Rick's arrest and conviction. It was cash. It was after meetings with a Soviet national - the first link we had with the Soviets, and in each case, granted there were only three, it was below the \$10,000 reporting limit that had been placed on the banks. As Dan Payne taught Jeanne and myself, "Rick is structuring, don't you understand that?"

And finally, were Jeanne and I afraid that Rick Ames would get away with treason? You bet we were, and it happened in early 1993 as our taskforce was drawing to a close.

A couple of months early, Jim Milburn, the FBI analyst, had been given the task of writing up a report of our findings as we were turning everything over to the FBI. Now, that report was an FBI document, it was not a CIA document, and while Jeanne and I certainly had input into the draft stages, its final wording was not under our control. The FBI issued their report in March 1993, and as we understood it, it did not identify Rick Ames as the primary suspect. It did, however, include his name on a short list of other possible suspects.

As you might imagine, this was more than a difficult time for Jeanne and myself. We were absolutely convinced Rick Ames was our traitor that we had spent two years looking for and that our information and analysis proved that to be the case. We obviously knew, now, the FBI did not share that belief and would continue to focus on others on their new short list. We simply saw Rick falling into a bureaucratic hole where he would remain and never be held accountable for the deaths he has caused.

To compound the situation, to make matters worse, Rick was eligible to retire from the CIA. And both Jeanne and myself could easily see him saying, “it’s just too much work. I’m going to take Rosario and young son Paul, head off to Colombia where all her relatives live, and where they had property and could live happily ever in retirement,” and we wouldn’t be able to touch him.

Thankfully, additional information became available. It did not identify Rick Ames as our mole, but it certainly pointed in his direction. And I will add it forced the FBI to open a full-scale investigation of Rick Ames to include all electronic surveillance means at their disposal.

One year later, just about a year later, on February 21st, President’s Day, the FBI team arrested Rick around the corner from his home in Arlington, Virginia as he was on his way to CIA Headquarters to answer a cable. Obviously it was fictitious, simply a ruse to get him out of the house. Shortly thereafter, a second FBI team arrested his wife, Rosario at their home.

After a couple of months, I think it was, both plead guilty to espionage. Rosario was sentenced to five years; three for income tax evasion, two for conspiracy to commit espionage. She served her sentence in a federal facility in Connecticut. Upon her release, she was stripped of her US citizenship and deported to Colombia. Rosario had become a naturalized citizen simply because those were the CIA regulations, part of the regulations, she had to satisfy in order to be able to marry Ames.

Rick received life. There was no death penalty on the books in those days for treason in peacetime. He was sent to the federal penitentiary in Allenwood, Pennsylvania, and he presently resides there.[†]

In summation, as I said at the beginning, the real heroes in this story are our dead assets. Quite frankly, Jeanne and I would not have sought to publish this book if CIA’s Publications Review Board had not allowed us to tell their stories in what we considered sufficient detail. As these brave men understood way too well -- as did those of us involved in Soviet operations -- when they agreed to work for the United States Government, they put their lives in our hands; and we, CIA, failed them. We certainly couldn’t repay them for their sacrifices, or their families for their losses, but we owed each and every single one an answer. As professional intelligence officers, we owed ourselves answers. And we believe that the dedication of the book says it all. Simple and to the point: *To General Polyakov and others who were executed or imprisoned and to their families.*

[†] *In April 2016, Ames was transferred from Allenwood to the Federal penitentiary in Terra Haute, Indiana. Presumably, he will spend the rest of his natural life at this penitentiary.*

