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August 2, 1960.

TOP SECRET

Dear Mr. Wall:

Further to your discussion with the Commissioner and myself on Friday last, the comment that you are expecting on your draft paper is attached hereto. The comment has been discussed with the Commissioner who approves of it in its present form. If there are any other points on which we can give further clarification I would appreciate if you would give me a call personally.

Yours very truly,



Supt.,

(W.H. Kelly),

Assistant Director of Security & Intelligence.

Mr. D.F. Wall,
Secretary of the Security Panel,
Room 131, East Block,
O T T A W A, Ontario.

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TOP SECRETRe: Security Cases Involving HomosexualityComment on draft paper of Mr. Wall

It is agreed that means of minimizing risks to the national security arising out of homosexual practices on the part of government employees is worth much effort on the part of all concerned.

Page 2 - last paragraph - We do not feel that there would be any difficulty in convincing the public at large that the investigation of homosexual activities in government would be necessary. Relating the danger of homosexuality in government to the danger of communism in relation to national security may well be more difficult, but a good case for this we are sure could be made out. If this matter reached the point where it was discussed by the public, it is doubtful if it would differentiate between the security and the moral aspects of the situation. It is likely that there would be as great a cry for cleaning out the Government Service of homosexuals for both security and moral reasons as there would be for action on the part of the R.C.M.P. if a situation called for any comment from the public in regard to action against communism.

Page 3 - paragraph 1 - With the views expressed above, this paragraph requires a different approach. It is agreed that this type of investigation should proceed with as little damage to the individual as possible and with the utmost security of the information for the reasons stated. It is therefore our view that although some adjustments are necessary, they are not based on what the public attitude might be as suggested in the previous paragraph.

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The point here seems to be that Cabinet Directive 29 has set up a procedure for the handling of security investigations generally, but has not taken into consideration the special requirements from an investigative standpoint required in the successful handling of homosexual cases.

Page 3 - paragraph 2 - We feel that this paragraph is incomplete as item (a) of this paragraph implies that the homosexual employee must have direct access to secret information. There can be circumstances where persons not in direct touch with secret information can be considered as security risks due to their association with persons having direct access. This undoubtedly limits the risk but it is there nevertheless.

A further point to be considered in this paragraph relates to people on a policy-making level and even though our democratic system minimizes the danger, there have been instances in which persons favourable to Communist ideology have been instrumental in influencing policy of a government. Where a person is not a homosexual, this becomes a problem outside of this paper but where a person is a homosexual and is therefore susceptible to blackmail, the influencing of policy could be the activity required of an individual and at the direction of the agency conducting the blackmail.

Page 4 - paragraph 1 - The degree of control over an employee as suggested in this paragraph is one over which we may or may not have control depending upon the circumstances and the make-up of the individual concerned. Our view which is based on examples of indiscretion on the part of responsible persons that have been brought to our attention is that in spite of their knowledge of the circumstances in which they were placing themselves, they have made themselves exploitable to a hostile intelligence agency. The people in this category are seldom

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trained intelligence officers and although they may be given advice, even detailed advice, they have no means of knowing in the absence of complete intelligence training, the ways and means in which they can be uncovered during any indiscreet activity.

The example given of a senior diplomatic post in an Iron Curtain country is a good one, but we must not overlook the fact that there is as great a security risk if someone with an exploitable character weakness holds a post of equal responsibility in the government at home. An example of this would be those people on a level where they act as advisers to Ministers or to the Cabinet in general. One very difficult thing to do insofar as a security agency is concerned is to differentiate between this person's normal activities required of his official position and those activities which are clearly against the interests of his government and country. The difficulties will be appreciated, we are sure, when persons known to have exploitable character weaknesses are required in their daily work to have contact with persons of Iron Curtain country diplomatic posts who are known or suspected to be intelligence officers charged by their government with obtaining information which they cannot obtain in the normal course of their diplomatic duties.

The difficulty in approaching this problem in the light of what has been said in this paragraph is that we can do much to advise persons in exploitable positions but we have no way of knowing when an attempt at blackmail is successful. Under these circumstances, there is no way in which a Security Service or the Department concerned can minimize the risk involved. A further difficulty in some of these cases can be that attempts at blackmail, even though not successful, may not be reported due to the feeling on the

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part of the individual concerned, even though he is reporting something very material to his Department and in its interests, there is always a possibility in his mind that he will be looked upon with suspicion or that it will affect his postings or that it will affect in some way his career, and therefore he decides not to report any attempt. He knows that if he does report there is every likelihood of the reasons for the attempt being brought out. Under the circumstances, a man will hesitate very much before raising his own weakness if it can at all be hidden and avoid the possible effects on himself as mentioned above.

Page 5 - paragraph 1 - It is agreed that exploitation under the circumstances described is more easily undertaken on the home ground of the intelligence agency concerned. It should not be forgotten, however, that the effect on the career of the individual of any attempt, whether it takes place abroad or at home, is the same and the points raised in our previous paragraph apply equally here. As has been stated in the paper itself, whether a person is exploited at home or abroad, it must always be considered against the dangers involved. If the advantages are greater than the dangers, and this will depend on the circumstances surrounding each individual, exploitation could take place regardless of location. There is no doubt, however, that the risks involved are greater when an agency is working other than on its home base.

Page 6 - paragraph 1 - There is good reason for going beyond the Government Service in an effort to find what persons within the Government Service have the character weaknesses referred to. It has been our experience that persons in responsible positions and involved with security and who are homosexual, more often than not, go away from government circles in order to satisfy their urge. Therefore, a satisfactory investigation

cannot be limited to the sphere in which the individual is employed. Even if this could be done, it also has its undesirable effects, but experience again has shown that the information we require is not always within this sphere. Hence, the need for going farther afield but at all times keeping within the channel that will most likely divulge the information we require.

Page 7 - paragraph 2 - We feel we should comment on the reference to Departments tending to feel that under present procedures they have no initiative in determining the nature and extent of investigations being made and that it should be borne in mind that as a matter of policy, the Department is responsible for the security of classified information. At the present time, it has been decided that homosexuals handling secret material are to be considered as security risks and therefore the responsibility of ascertaining what persons in government are in this category has been passed to the R.C.M.P. As long as this view prevails, it would seem that the nature of the investigation and the extent of the investigation is one that must remain in the hands of the investigating agency. The R.C.M.P. goes no further than to produce satisfactory evidence if possible and information if this is not possible, so that the pertinent Department can make whatever decision is required under the circumstances. It would seem that to limit R.C.M.P. activity which might be suggested by this paragraph would, under present circumstances, not permit the clearing up of the present situation.

Page 7 - paragraph 3 - While we agree with the general conclusion arrived at in this paragraph in relation to the criticism that could arise if this matter became a public issue, we cannot agree that the criticism would arise from the reasons stated in this paragraph. The inference taken is that the

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mere fact that the police are investigating homosexuality would cause the public to criticize the police for this action alone and carrying the inference further, because it is none of the business of the government or the police² to pry into matters which are so very personal. The view we hold is that the criticism would actually stem, not from what the police have done, but from the fact that insufficient has been done, and that so much time has been spent in getting to the base of this problem. This would appear to be an instance in which the public, speaking generally, would disregard the security aspects of the problem and would cry for action on the part of the government and certainly more speedy action on the part of the police because of the moral implications in this general situation. It is for this reason that we think the police and the government would be criticized. It will be appreciated that the source of this criticism, namely the man on the street, will not have the benefit of the opinion and calmer view of those people who have considered this matter over a lengthy period of time and with the assistance of professional advice.

A further point referred to in this paragraph is the extent to which our actions can be justified on security grounds. This would be slightly more difficult to demonstrate if it were necessary after the public had forgotten the morals issue. There is no doubt in our minds that justifying the action on security grounds would not be difficult.

Page 8 - Proposed Procedures - Difficulties are bound to arise if item (a) under the above heading is adhered to without some clarification relating to practical considerations. We should comment that it should not be thought that by limiting the investigations to the persons referred to, that the scope of the investigation could be limited to the point of where the

danger of the matter becoming public could be lessened. Our reference heretofore of the need to go beyond government circles is clearly applicable to this point.

A further difficulty that we would encounter is that homosexuals who at the present time are not exploitable, might graduate to exploitable positions and there would be, unless some other steps were taken and these might be covered by the proposals of Dr. Wake insofar as new employees are concerned, to prevent graduation of people with character weaknesses to positions involving security. There is a looseness in this approach that would have to receive very definite attention insofar as homosexuals presently employed in government.

Item (b) - In view of the problems peculiar to investigations into homosexual activities, it is not possible for this type of investigation to be completed satisfactorily unless the person under investigation is interviewed by the police. Although there may be sufficient ground for removing a person from a security position prior to any ^{interview} transfer in order to ascertain the extent to which he is linked with persons of the same character weakness in similar positions as his own, it is necessary to interview him. This has been done in nearly all cases to date for the purpose of ensuring that all avenues of investigation are pursued. If interviews are taken to remove him from his position before an interview, it is possible perhaps to hide the fact from him that his transfer is not from a security standpoint. However, it is our understanding that in cases where persons have been removed prior to a police interview because of this type of character weakness, there has been no doubt after an interview with the Departmental authority concerned that any subsequent move such as transfer or resignation is based strictly on a security consideration.

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Item (d) - Although it is stated in the initial sentence that what is listed in this paragraph are tentative conclusions, I am sure that although others may have agreed, the R.C.M.P. objected to withholding information from the Department concerned on homosexuals employed by the government. This would appear to be a matter that needs further discussion and a more definite decision.

Page 9 - Priorities - We find it difficult to see how the suggested action in items (a), (b) and (c) can assist in the present problem even though we can agree that the suggested steps are very necessary in order to follow the theme of this paper, namely, to minimise risks to the national security. It is on the matters with which we are presently faced in relation to the requirements of CD 29 and attachments that caused us to submit to the Panel our letter of April 28th. Much of our problem is related to people employed in Canada and who are responsible for the handling of sensitive material.

Item (d) - On the point raised in this paragraph, I don't think that we should leave the matter on the basis of "evidence" which could be construed in its technical meaning. If there is any indication at all of possible or existing exploitation, the matter should immediately be turned over to the R.C.M.P. This point raises the problem relating to social contacts and if security is to be handled properly, we should insist on living up to the letter of the policy relating to the reporting of social contacts. In this way, it may be possible for people other than the person concerned to see whether or not a situation is reaching the point where it is becoming exploitable by a foreign intelligence agency. This of course, refers to the same subject as covered by item (b) under the heading Second Priority.

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Conclusion

It seems that this paper covers adequately with the suggested amendments herein those things that might be done in the future to lessen the security risk of the persons under discussion but it does not, we feel, do away with the need for decisions on some of the problems with which the R.C.M.P. are now faced in those cases where we have knowledge of homosexuals employed in government and who are concerned with security matters as covered in paragraph 23 of our memorandum of April 28th. We are taking the view that these problems are still ones to be decided upon by the Security Panel in the usual way and while the answers to some of the points raised in the present paper are required on which to base some decisions, we hesitate to think that the complete answer to our problem must await the conclusion of the steps required and outlined under the heading First and Second Priorities; or that with the answers, our present questions concerning certain problems will be resolved.

MEMORANDUM

Security Cases Involving Homosexuality

Introduction

At the request of a quorum of the Security Panel, an interim study has been made of means of minimising risks to the national security arising through homosexuality on the part of government employees in positions where their weakness might be effectively exploited for intelligence purposes. It is the purpose of this paper to set out a course of action which is consistent with the principles upon which our established policies are based, but which will effectively adapt itself to the unusual nature of the problem to be faced.

Our primary concern in this matter is to prevent hostile intelligence services from successfully using the threat of blackmail to extort secret information from employees of the Canadian government whose access to such information would make them worthwhile targets for such exploitation. While any seriously aberrant social behaviour is presumably exploitable for this purpose, the present discussion will be limited to homosexuality, and the measures which might be taken to counteract its vulnerability from the security point of view. The discussion will be based on a study made by the Security Panel a year ago, on recent R.C.M. Police and departmental experience, on a more recent study by Dr. F. R. Wake, and on views expressed at a recent meeting of senior officials directly concerned with the problem.

Unusual Problems of Investigation

The investigation of homosexuals insofar as they present a threat to security differs in several important respects from the investigation of communists

or agents of a foreign intelligence service. In the first place, no presumption of disloyalty or hostility can be made of homosexuals as a group. They are in fact a social minority who are vulnerable to blackmail by reason of their minority status. While this difference presents our investigators with a number of procedural problems, there is the advantage that the homosexual's cooperation and understanding can, and indeed should, be sought in counteracting any risk which his deviation might pose to the national security.

Another important difference lies in the dual nature of the vulnerable homosexual, who is at the same time the subject of a security investigation and a primary source of information which may be of value to other security investigations. The main reason for this subject-source duality is that neither the R.C.M. Police subversive indices nor the field investigations which are presently conducted for purposes of security clearance normally provide information having to do with such matters as homosexuality.

A further difference between this kind of investigation and that concerning communism lies in the kind of reaction one might expect from the public at large were it known that such investigations were being made. Since the espionage trials in the early post-war years, there has been general public acceptance that the government is justified in investigating communist activities in Canada as a matter of concern to the national security. There would be some difficulty, however, in convincing the public at large that the investigation of homosexual activities should be considered in the same

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light unless it were possible to demonstrate that homosexuality posed as serious a problem to the national security as does communism.

Bearing these differences in mind, it is apparent that some adjustments are necessary in our normal security investigation and reporting procedures in order to deal with this problem in such a way that good security is maintained without undue damage to the individuals involved, the prestige and morale of the public service, and public acceptance of our security policies and procedures in general. However, before considering what these adjustments should be and how they might be made, it would seem worthwhile to look carefully and objectively at the nature of the risk posed by a homosexual in a vulnerable position, and at our present means of dealing with that risk.

The Nature of the Risk

In order that a homosexual might be successfully blackmailed into passing secret information to a foreign intelligence service, the following conditions have to be met:

(a) the employee must have access to secret

information; *either directly or indirectly*

(b) the intelligence service must have photographic or comparable evidence

of his having engaged in a homosexual

act; *This would strengthen their hand, but is not completely necessary.*

(c) the circumstances must be such that the

advantages of exploitation appear to the

intelligence service to outweigh the dangers;

(d) the intelligence service must approach the

employee and seek his cooperation on the

threat of exposure;

not true when it is considered how readily most homosexuals confess when questioned

This also depends on the tactics of the int. service & concerned.

Definite knowledge is often sufficient.

for influencing policy under direction & (this blackmail)

(e) the employee must balance the probable danger to his reputation and career through public exposure against his loyalty to his employer and his country, and must decide to cooperate with the intelligence service.

If each of these conditions is met, the threat to security can be measured only by the extent of the employee's access to secrets and of his willingness to pass information to his blackmailers. As both of these would probably vary in each case, so would the degree of advantage to the intelligence service. It is worthwhile, however, to consider how the risk might be reduced in a general way by ensuring, insofar as is possible, that certain of these conditions cannot be met, or can be met only in a limited way.

If an employee is in a really sensitive position, both from the point of view of access to highly important secrets, and from the point of view of good "exploitability" by a foreign intelligence service, (as, for example, a senior diplomatic post in an Iron Curtain country), the employing department can have little control over conditions (a), (b), (c) and (d). It can, however, exercise some effective control over the other condition, the employee's decision as to whether or not he should submit to the threat of blackmail. If the employee is made fully aware that an indiscreet act or series of acts can make him subject to this kind of pressure, which endangers his whole future, it should follow that the possibility of his committing an exploitable act is materially lessened. Should he nevertheless find himself under pressure of blackmail, if he is made fully aware of the advantages of immediately reporting the facts to his departmental superiors, and in

fact does so, the risk to security has, for the time being at least, been removed. The remaining risks are to his reputation and career, should the intelligence service decide to "spoil" him through public exposure. Again, the employing department can be of assistance in minimizing these risks, by assuring the employee that every effort will be made under the circumstances to reduce the effects of exposure should it take place.

A further important aspect of the nature of the risk to security/^{which} may arise from homosexuality is that of the circumstances in which exploitation is feasible from the viewpoint of the intelligence service. It is undoubtedly easier for an intelligence service to use this technique on its own home ground, where all the necessary facilities are at hand, than it is in another country. It follows that this particular threat to our security is considerably greater at our posts in communist countries than it is at our posts in allied countries, and vastly greater than it is here in Canada. The political and diplomatic dangers of conducting this kind of operation in a host country, particularly a NATO country, must certainly be clear to communist intelligence services. [REDACTED]

[REDACTED]

Problems Inherent in our Present Approach

As indicated by the memorandum "Homosexuality Within the Federal Government Service" prepared by the R.C.M. Police, widespread investigations have been made over the past year or more of persons both within and outside the public service concerning whom there was some question of recent homosexual activity. While investigations naturally began with public servants in sensitive positions, it was concluded that the only method of obtaining full information would be to extend investigations to follow up any allegations made and Ministerial authority was obtained to proceed with investigation in both sensitive and non-sensitive departments and agencies. The scope of these investigations was further expanded by the necessity of developing information on homosexuals who are not employed in the government service. On the basis that they could conceivably be used by a foreign intelligence service to identify and perhaps otherwise assist in the compromising of homosexuals employed in the government on classified work.

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This method of approach has raised a number of problems of concern to the R.C.M. Police and to the departments and agencies concerned. The strain on the R.C.M. Police investigative facilities has been considerable, with the result that experienced investigators have had to be withdrawn from other important counter-intelligence investigations. The methods of investigation, particularly the interviewing of alleged homosexuals, has created difficulties in the nature and timing of keeping departments informed of investigations concerning their employees.

The main difficulty has been the conflict between the R.C.M. Police desire not to withhold pertinent information from departments, and the departments' desire to take action concerning the employee which might jeopardize the success

of the investigation. In addition, the cumulative effect of this type of investigation has posed the problem for the R.C.M. Police as to how far and along what lines to proceed.

From the point of view of the departments concerned, the primary difficulties have been in deciding how to deal with specific cases once the R.C.M. Police have reported that allegations of homosexual activity have been made, or that an employee has confessed to having practised homosexuality. While this difficulty would arise regardless of the method of investigation, it is made more difficult by the fact that firm criteria have not yet been devised by which to judge the extent of risk involved in the continued employment of such persons. In addition, the cumulative effect of present investigations tends to face some departments with a significant number of apparently serious cases within a relatively short space of time, making it extremely difficult to devote the necessary careful consideration to the disposition of each case.

In addition, departments tend to feel that, under present procedures, they have no initiative in determining the nature and extent of investigations being made, bearing in mind that they are as a matter of policy responsible for the security of the classified information which they hold.

From the point of view of the government and the public service as a whole, the primary problem raised by our present approach to the investigation of homosexuality lies in the possibility of the matter becoming public, with resultant misunderstanding, scandal, distorted publicity, and demands for prosecution. Should it become

generally known that widespread investigations were being made into homosexuality in the public service, the R.C.M. Police, the government and its security policies would be severely criticized and possibly brought into serious disrepute. The morale of the service would undoubtedly be adversely affected, and public confidence in the service as a whole would inevitably be shaken. If it could be clearly demonstrated that the extent of and direction of these investigations were justified on security grounds, these dangers would not be so great. It would be difficult to do so, however, as no case has yet arisen wherein a homosexual employee has been successfully exploited by a foreign intelligence service.

Proposed Procedures

In attempting to answer the R.C.M. Police request for guiding principles in the conduct of future security investigations concerning homosexuality, the quorum of the Security Panel arrived at several tentative conclusions.

The most important of these were as follows:

- (a) that our inquiries should be limited to those persons who were vulnerable to effective exploitation by foreign intelligence services;
- (b) that there did not appear to be a security objection to informing persons being interviewed in connection with homosexuality that the inquiry was related to security;
- (c) that the most careful consideration should be given in each case to the nature and timing of informing departments whose employees were involved, in view of the possible effect on the employee and on the service;

- (d) that where security was not a factor, there did not appear to be any reason for the R.C.M. Police to report allegations of homosexuality to the employing department; and
- (e) that, in cases where continued investigations was essential, but where it was also necessary to inform the department concerned, the Secretary of the Security Panel might ask the department to withhold action until the investigation was completed.

Bearing in mind the problems raised by the security service, the dangers involved in widespread investigation without a direct relationship to security in each case, the nature of the risk as we know it, and the points set out above, there appear to be a number of measures which might be taken to adapt our procedures more effectively to all aspects of the problem:

First Priority

- (a) that the Security Panel ask those departments with missions abroad, particularly in Iron Curtain countries, to categorize according to risk those positions whose nature and location is such that their incumbents might be subjected to pressure for intelligence purposes;
- (b) that these departments, with whatever assistance the R.C.M. Police are able to provide, make a careful study of the incumbents of these positions to ensure, insofar as possible, that they are not susceptible to blackmail, either through homosexual activity or other indiscreet behaviour;
- (c) that, concurrent with this study, the incumbents of the most vulnerable positions be made fully aware of the nature of this threat, both to themselves and to the security of their departments;

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for review*
- (d) that, should any case come to light in which there is evidence of possible or existing exploitation, the case be turned over to the R.C.M. Police for such further investigation as they deem necessary, no further action being taken by the employing department.

Second Priority

- (a) that the Security Panel, in consultation with the departments and agencies concerned, consider the extent to which positions other than those at missions abroad are vulnerable to this kind of exploitation;
- (b) that efforts be made to improve the present system of having employees report to their security officers the nature and extent of their social contacts with Soviet Bloc officials;
- (c) that consideration be given to the proposals set out in the memorandum prepared by Dr. F. R. Wake.