

ADMINISTRATIVE INTERNAL USE ONLY

17 DEC 1981

MEMORANDUM FOR: Director of Logistics

FROM:

[Redacted]
Director of Security

STAT

SUBJECT: Release of Agency Classified Information to Contractors or Consultants and to Companies Under Foreign Ownership/Domain

REFERENCES: A. Memorandum from D/Sec to D/OL, dated 4 August 1981, Subject: "Foreign Ownership Policy"

B. Memorandum from C/Sec Staff/OL to C/Policy Branch/PPG/OS, dated 16 September 1981, Subject: "Foreign Ownership Policy"

1. A review of the Department of Defense (DoD) Industrial Security Regulations (ISR) and Industrial Security Manual (ISM) suggests that provisions of these documents pertaining to foreign ownership, control or influence (FOCI) of classified contractors could be adopted by CIA. These policies are consonant with the DDCI's 21 April 1981 policy memorandum concerning sensitive compartmented information. As a basis for adopting the DoD procedures, I propose publication of a Headquarters Regulation along the lines of the attached draft.

2. Implementation of the proposed FOCI policy will require the publication of a handbook with appropriate procedural guidelines. An Agency handbook will also cover contractors not under DoD contract, closing an existing gap in Agency procedures. These guidelines may be added to existing Office of Logistics handbooks, or could be published separately. The OS Policy and Plans Group will be available to assist in formulating and coordinating the proposed procedures.

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Attachment

OS 1 1702-2

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CONCUR:

Director of Logistics

Date

Distribution:

Orig. - Return to D/OS

1 - D/OL

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OS/P&M/PPG,

(9 Nov. 1981)

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LOGISTICS

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RELEASE OF AGENCY CLASSIFIED INFORMATION
TO COMPANIES UNDER FOREIGN OWNERSHIP/DOMINANCE

Reference:

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1. In view of the increased number of American companies coming under foreign control or influence, either directly or through the acquisition of sufficient stock to allow foreign owner participation in the management of the company, the following policy is enunciated to assure the security of Agency industrial contractual arrangements.

2. Contractor companies under foreign ownership, control or influence generally will be ineligible for access to classified Agency activities and information. Foreign ownership, control or influence in this instance means that foreign interests own five percent or more of the voting stock, or they are able through lesser holdings to control or influence the appointment and tenure of managing officials.

3. This provision may be waived by the Director of Logistics with the concurrence of the Director of Security, if it is determined that foreign ownership, control or influence does not involve Soviet Bloc countries or countries whose foreign policies are inimical to the best interests of the United States. It must also be determined that the foreign interests cannot control or influence the appointment or tenure of a contractor's

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managing officials. Security safeguards must exist for preventing the disclosure of Agency classified information to owners or managing officials who are not American citizens or immigrant aliens lawfully admitted into the United States. Should foreign ownership increase beyond five percent during the course of a contract, a determination of the contractor's eligibility for continued access will be made by the Director of Logistics with the concurrence of the Director of Security.

4. The Director of Logistics will provide a handbook to implement this policy with appropriate procedural guidelines.

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