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DEPARTMENT OF HOMELAND SECURITY
UNITED STATES SECRET SERVICE
WASHINGTON, D.C. 20223

Freedom of Information Act & Privacy Act Program
Communications Center
245 Murray Lane, S.W., Building T-5
Washington, D.C. 20223

Date: AUG 18 2017

File Number: 20160567

Dear Requester:

This is the final response to your Freedom of Information Act (FOIA) request, originally received by the United States Secret Service (Secret Service) on February 23, 2016, for information pertaining to a copy of Larry B. Shaefer. The United States Secret Service: An Administrative History. Unpublished Manuscript, 1983.

Enclosed are documents responsive to your request. In efforts to provide you with the greatest degree of access authorized by law, we have considered the reference material under the FOIA regulation, Title 5 U.S.C. § 552. Pursuant to this Act, exemptions have been applied where deemed appropriate. The exemptions cited are marked below.

In addition, approximately 118 page(s) were released, and approximately 0 page(s) were withheld in their entirety. An enclosure to this letter explains the exemptions in more detail.

☒ If this box is checked, deletions were made pursuant to the exemptions indicated below.

Section 552 (FOIA)

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The following checked item(s) also apply to your request:

☐ Some documents originated with another government agency(s). These documents were referred to that agency(s) for review and direct response to you.

☐ Some of documents, in our files, contain information furnished to the Secret Service by another government agency(s). These documents were referred to that agency(s) for review and direct response to you.

☒ Fees: In the processing of this FOIA/PA request, no fees are being assessed.

☐ Other:

If you deem our decision an adverse determination, you may exercise your appeal rights. Should you wish to file an administrative appeal, your appeal should be made in writing and received within sixty (60) days of the date of this letter, by writing to: Freedom of Information Appeal, Deputy Director, U.S. Secret Service, Communications Center, 245 Murray Lane, S.W., Building T-5, Washington, D.C. 20223. If you choose to file an administrative appeal, please explain the basis of your appeal and reference the case number listed above.

If you have any questions or would like to discuss this matter, please contact this office at (202) 406-6370. FOIA File No. 20160567 is assigned to your request. Please refer to this file number in all future communication with this office.

Sincerely,



Kim E. Campbell
Special Agent In Charge
Freedom of Information Act & Privacy Act Officer

Enclosure:

☒ FOIA and Privacy Act Exemption List

The United States Secret Service
An Administrative History

by
Larry B. Sheafe

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Acknowledgments

I have attempted in this essay to capture a little of the history of the United States Secret Service and to comment on the future direction of the Organization.

The preparation and research for this writing was greatly aided by the assistance of many present day employees of the Secret Service: (b)(6),(b)(7)(C) (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) are deserving of special mention, for without their research I would not have been able to locate many of the historical facts and figures.

I would like to thank (b)(6),(b)(7)(C) and (b)(6),(b)(7)(C) for their understanding, love and patience.

Foreword

According to Noah Webster, secret is defined as, "kept from public knowledge or from the knowledge of certain persons" and service is shown to be, "employment, especially public employment".¹ This is exactly what the "original Secret Service" was: an organization of spies which operated during the Civil War at the direction of the United States Government under the ultimate control of the Honorable Edwin M. Stanton, Secretary of State and then Secretary of War.²

This use of spies during times of confrontation between factions was not a new idea. In fact the idea may have had divine inspiration, as the Bible, Numbers 13:2 says, "Then the Lord spoke to Moses saying, 'Send out for yourself men so that they may spy out the land of Canaan..'"³ From the time of Moses to Lincoln and to the present day, kings and heads of governments have employed spies, some well organized and well concealed and some not so well organized and/or controlled.

The original Secret Service appears to have fallen in this second category for at the conclusion of the Civil War there was concern voiced by members of Congress concerning the role of the Secret Service. General LaFayette Charles Baker was in charge of the War Department Secret Service and was criticized at the conclusion of the war for lack of control, not reporting to any Bureau, and operating on his own. He responded to his critics by saying that they had "no knowledge of the peculiar and difficult business", (of being a spy and being in charge of an organization of spies).⁴ Here

again Presidential protection was mentioned in connection with the Secret Service as Baker wrote, "There was a very ordinary indifference in the mind of Mr. Lincoln in regard to threats of assassination, some of which I communicated to him"⁵ and "On one occasion I carried to Mr. Lincoln two anonymous communications, in which he was threatened with assassination".⁶

It is interesting to note that even though Baker's Secret Service was not in any way connected with or the forerunner of the Secret Service Division which was to be created in 1865, the man in charge of the Secret Service was concerned with the threats made against a President of the United States.

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Section 1
History
1865-1901

"On April 14, 1865, the Secretary of the Treasury, Hugh McCulloch, visited the White House and told President Abraham Lincoln that more effective methods would have to be found to fight counterfeiters. The President asked if McCulloch had any suggestions.

'Yes,' the Secretary replied. 'I think we should have a regular permanent force whose job it will be to put these counterfeiters out of business!'

Mr. Lincoln nodded, 'I think you have the right idea, Hugh, you work it out your own way.'

Mr. McCulloch wrote later that these were the last words President Lincoln spoke to him. That night the President was shot by John Wilkes Booth in Ford's Theatre."⁷

Today's United States Secret Service, "born" on the day of Lincoln's assassination, was officially created as the Secret Service Division of the Treasury Department on July 5, 1865. Its sole purpose was to suppress the large scale counterfeiting of United States currency and it would not be until 1901 that the United States Secret Service would be given the responsibility for the physical protection of the President of the United States. At this time of the birth of the Secret Service Division it was currently being reported that about one-half of the money in circulation was counterfeit."⁸

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The creation of the Secret Service as a law enforcement agency actually had its roots in the Constitution. Article 1, Section 8, states in part that Congress shall have the power to coin money, regulate the value thereof, and to provide for the punishment of counterfeiting the securities and current coin of the United States. It is obvious from this that the designers of the Constitution were concerned with the crime of counterfeiting, for it is the first mention of crime and punishment in the Constitution, (with the exception of Impeachment).

Seventy years after the signing of the Constitution the counterfeiting of the coin of the United States became such a problem that on February 26, 1857 the following resolution was passed by Congress, "Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, The Secretary of the Treasury be authorized to cause inquiry to be made by two competent Commissioners into processes and means claimed to have been discovered by J. T. Barclay for preventing the abrasion, counterfeiting, and deterioration of the coins of the United States, and to report the results of said enquiry to Congress at its next session, with his opinion as to the probable value of the alleged discoveries; and the sum of two thousand five hundred dollars, out of any money in the treasury not otherwise appropriated, is hereby appropriated for that purpose".⁹

Secretary of the Treasury Howell Cobb on July 18, 1857 appointed Professors Henry Vethake and R. E. Rogers as Commissioners to inquire into Mr. Barclay's process. These two men submitted their completed report to the Secretary of the Treasury on April 23, 1860. (It appears that as far back as 1860 outside experts had the ability to "stretch out" a government grant!) Their report is quite lengthy; however, they conclude that Mr. Barclay's process would appear to hinder the ease with which coins

could be counterfeited: "We feel confident from our examination of the subject, in all its bearings, that the mechanical, artistic, and scientific capacity of the country, applicable to this object, if weilded by the resources of the government, and directed as suggested by Dr. Barclay, would furnish a protection completely setting at defiance the dishonest ingenuity which the limited capital of individuals could command".¹⁰

Due to the slow movement of Congress, this process was never put into use. With the issuance in 1863 of the National Bank Notes as the new Federal paper currency it was apparently not required; for it became much easier for the counterfeiter to reproduce the "greenback" than the coin.

It is a matter of historical signifciance that the first appropriation of Federal monies to combat the counterfeiting of United States currency was made on June 22, 1860 and was contained in the appropriation for the Naval Service for the year ending the 30th. of June 1861. It read as follows, "And be it further enacted, That the sum of five thousand dollars be, and the same is hereby appropriated, out of any money in the treasury not otherwise appropriated, to be expended under the joint resolution passed the twenty-sixth February, eighteen hundred and fifty seven, 'to prevent the counterfeiting of the coins of the United States'".¹¹

On the following day, June 23, 1860 in response to written requests of the Secretary of the Interior, J. Thompson to the Hon. John Sherman, Chairman of the Committee of Ways and Means, House of Representatives and to the Hon. James A. Bayard, Chairman of the Judiciary Committee, U. S. Senate, the first appropriation was approved for the detection and bringing to trial of persons engaged in counterfeiting the coins of the U. S.,



to be expended under the direction of the Secretary of the Treasury. This legislation is important for two reasons: a) It was the first for detection of the counterfeiter, and b) It placed this effort under the Secretary of the Treasury.

As an indication of the problem that the United States was facing with the counterfeiting of its currency, the amount of the appropriation to prevent and punish counterfeiting increased from a combined \$12,500. in 1860 to \$600,000. in 1863.¹² On December 22, 1863, Secretary of the Treasury, S. P. Chase issued an order providing that the Solicitor of the Treasury would be responsible for all efforts of the Treasury as they related to the suppression of counterfeiting.

It was to the Solicitor of the Treasury that W. P. Fressenden, Secretary of the Treasury requested that William P. Wood report on September 12, 1864, in an effort to better coordinate the Federal battle against the counterfeiters. At that time Mr. Wood was the Superintendent of the Old Capitol Prison in Washington, D.C., under the supervision of the War Department. He was temporarily assigned to the Solicitor of the Treasury until July 5, 1865. On that date, Edward Jordan, Solicitor of the Treasury formally requested that the Secretary of the Treasury, Hugh McCulloch, request that Mr. Wood be allowed to resign from the War Department so that he could be appointed as Chief of the Secret Service Division of the Treasury Department. Secretary McCulloch wrote:

"Hon. Edwin M. Stanton,
Secretary of War.

Sir:-

Mr. William P. Wood, at present in the employment of your Department has been designated as the Chief of the detective force to act under

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the direction of the Solicitor of the Treasury in detecting and bringing to punishment persons engaged in counterfeiting. There is an urgent necessity that he should enter at once upon the discharge of this duty. I therefore request that he may be permitted to resign, his present position in your Departement, and that his resignation be accepted by you."¹³

His resignation was accepted by the Hon. Edwin M. Stanton, Secretary of War and on July 5, 1865 the Secret Service Division, the foundation of the present day United States Secret Service, was created.

From an administrative point of view it is interesting to note that the Secret Service Division was established without the benefit of a basic enabling act being passed by Congress. Its continued existence depended solely on the receipt of a yearly appropriation authorizing funds to continue its operations. This situation continued until July 16, 1951, when President Harry S. Truman signed Public Law 82-79 making the United States Secret Service a permanent organization of the Federal Government.

The initial staffing of the Secret Service Division in 1865 was about 25 full and part-time Operatives located in the following cities: Boston, New York City, Newark, Philadelphia, Detroit, Cleveland, St. Louis, Nashville, San Francisco, and Washington, D. C.¹⁴

Chief Wood issued what is no doubt the first administrative memorandum of the new agency shortly after taking the oath of office. It was titled, "Six General Orders" and reads as follows:

"1) Each man must recognize that his service belongs to the government through 24 hours of each day.

- 2) All must agree to assignment to the locations chosen by the Chief and respond to whatever mobility of movement the work might require.
- 3) All must exercise such careful savings of money spent for travel, subsistence, and payments for information as can be self-evidently justified.
- 4) Continuing employment in the Service will depend upon demonstrated fitness, ability as investigators, and honesty and fidelity in all transactions.
- 5) The title of regular employees will be Operatives, Secret Service. Temporary employees will be Assistant Operatives or Informants.
- 6) All employment will be at a daily pay rate; accounts submitted monthly. Each Operative will be expected to keep on hand enough personal reserve funds to carry on Service business between paydays."¹⁵

In an attempt to alert other Federal organizations that the Secret Service Division had been created and what its responsibilities were the Solicitor of the Treasury issued formal circulars on July 21, 1865 to District Attorneys, Marshals, and Clerks of the Courts of the United States. (See Appendix A for copy of this circular.)

The new Division was very successful in its charge and by the end of 1866 had arrested over 200 counterfeiters. This average carried through the first four years of its existence.¹⁶ During this time the payment for ser-

vice was on a per diem basis, usually \$3.00 for temporary employees, \$5.00 for Operatives, and upwards of \$6.00 per day for Chief Operatives.

On August 1, 1868, Chief Wood issued the first "Circular of Instructions for Division Operatives". It was a fifteen page book, which basically consisted of an expansion of his memorandum of the "Six General Orders", and contained a copy of the ledger which was to be used in collecting wages. The front page of the Circular consisted of the letter of appointment that was carried by each Operative in the Secret Service Division. It read:

"Sir: You are hereby informed that you have been appointed an Operative in the Secret Service Division, Treasury Department.

It is expected that you will be efficient and energetic in the prosecution of your operations; and there is no reason to suppose that you will retain your position in the Division unless your operations are productive of good results.

In your operations you will be governed by the following instructions.

Very respectfully,

Chief of Division."¹⁸

As successful as the Division was in its pursuit of counterfeiters and the investigations which were requested by the Secretary of the Treasury into the Klu Kluk Klan, nonconforming distillers, smugglers, mail robbers, land frauds, and a number of other infractions against the Federal Laws; Chief Wood was asked to resign so that the Division could be reorganized.¹⁹ It would appear from reading of letters and documents of that era that the major difficulty being faced by Chief Wood was his indecisive

leadership. This led to lack of control of his operatives and lack of administrative guidelines which would have made his Division more efficient and would have allowed the Division to give the appearance of a well run organization.

In his written reply to the request of Secretary of the Treasury George S. Boutwell, dated May 4, 1869, Wood indicated that he believed that he was being asked to resign for political reasons. He wrote, "...Being a Republican I disclaim all hereditary right to continue in office..." (The entire letter of resignation is contained in Appendix B.)

In the twelve years from Congress passing the resolution which called for the appointment of Commissioners to aid in the battle against the counterfeiting of coin, appropriations had been made to suppress counterfeiting and arrest counterfeiters; an agency had been formed; the Secret Service Division of the Treasury, whose entire function was to attempt to halt the spread of counterfeit activity; over 800 persons had been arrested for violation of the counterfeit laws; the founding Chief of the Division had been asked to resign; and a call was made for the reorganization of the Division. Quite a beginning for any organization, especially one that was destined to be given such an awesome responsibility, a responsibility quite different from that for which the Division was created and its Operatives were trained to perform.

On May 12, 1869, Herman C. Whitley, a Detective Officer in the United States Revenue Department and a former Union Officer, was sworn in as the second Chief of the Secret Service Division. His salary was \$3,000 per annum.²⁰ Bowen and Neal, Secret Service historians, write that the reorganization called for in the dismissal of Chief Wood was undertaken with a great deal of vigor by Chief Whitley, most of the major changes being made in

the administrative area as opposed to the operational.²¹

One of Chief Whitley's first official acts was to call for the resignation of nearly all the employees of the Division. This was done without regard to the employees political affiliations. A major administrative innovation was created by the new Chief. He instituted a method of promotion based on merit.²² He felt that the "General Orders" and "Circular of Instructions" must be expanded if he was to achieve his ultimate goal: a tighter control of the field operations by headquarters. Chief Whitley created the position of Assistant Chief, and hired four clerks and a messenger in an attempt to make the headquarters operation more efficient.²³

There was an awareness of the need of record keeping, especially photographs and personal history information of those arrested for counterfeiting and other crimes. In printed instructions to the Operatives, Whitley wrote, "In reporting the arrest of any person or in communicating information concerning suspected parties, officers must give the fullest possible details, including names, residence, personal description, the charge upon which the arrest was made; the result of the examination before the commissioner; the amount of bail, if admitted to bail; the time fixed for trial; the result; the sentence, when imposed; and all the circumstances attending the case in its progress from first to last. Officers in charge of districts will, as far as possible, procure photographs of all criminals arrested by them, or in their respective districts, for any offence against the laws of the United States, and will forward the same to Headquarters. The photographs should have plainly written upon the back the name, age, and full description of the criminal, and a brief mention of the peculiar line of crime in which he has been most actively engaged".²⁴

With these written instructions began the master file of those arrested by the United States Secret Service. By 1985 the 63 field offices of the present organization will have access via computer to this master file.

Also contained in Whitley's instructions for his investigators were models that were to be followed in correctly submitting their reports of all their activities.²⁵

It was during Whitley's term as Chief that the Operatives of the Division were first issued badges and Commission Books. The badge was in the form of a five pointed star: the points represented Justice, Duty, Courage, Honesty, and Loyalty.²⁶ It is interesting to note that when the badges were issued, each receipt was assessed \$25 to be returned upon their resignation from the Division and their returning the badge.²⁷

On June 22, 1870, Congress passed an Act which created the Department of Justice. One of the provisions of that Act was to transfer all Solicitors to the newly created Department to include the Solicitor of the Treasury.²⁸ This meant that the Secret Service Division, continuing to report to the Solicitor of the Treasury, was housed in the Department of Justice. This continued until November 23, 1878 when by order of the Secretary of the Treasury, the Division was made responsible to the Secretary of the Treasury, under the direction of the Chief, and only received their compensation from the Solicitor.²⁹

In a further effort to gain control of his Operatives, Whitley moved the headquarters of the Division to New York City, where the majority of the counterfeit activity was occurring. This move was made in 1870. The Assistant Chief and two clerks remained in Washington, D.C. All reports and correspondence were sent to the New York Office. Whitley

attempted to keep in contact with the Solicitor by mail and telegraph.³⁰

The field force of the Division during the early years of the 1870's consisted of about 20 full time Operatives and numerous part time investigators.³¹ Most of these employees were being paid on a per diem basis and from a reading of reports and documents it appears that on more than one occasion it was not clear if the Operatives were working with or against the counterfeiters and other criminals they were to capture.

During fiscal years 1871 through 1874 the appropriations for the Division were \$125,000 per year.³² Chief Whitley was not given any extra funds at the time he created the position of Assistant Chief and hired the five other employees. (Not much different that the present. Congress allows the creation of positions in an agency, as long as no new funding is required!)

On May 14, 1874, Chief Whitley wrote that, "The Division records show that during the past five years upwards of two-thousand criminals have been brought to justice, a large percentage either pleaded guilty to the offences charged against them or were convicted upon trial. During the last fiscal year upwards of three hundred persons were arrested by officers of this service for the comission of crimes against the United States, of whom one hundred and fifty have pleaded guilty or have been convicted of the offences charged against them, while the remainder are now under bonds or in jail awaiting trial. Within the same period of time there have been captured and lodged in the Treasury Department at Washington, more than one hundred sets of steel plates for printing counterfeit money of nearly every denomination issued by the Government.

With these were captured a large number of printing

plates, partially finished dies and a very large amount of material required in the manufacture of counterfeit currency and bogus gold and silver coin.

The success of these operations has been such as to almost entirely suppress the crime of counterfeiting in the Eastern and Middle States; its stronghold being now in the West and South where the operations of the service are now concentrated".³³

As impressive as these statistics were, for the second time in five years the Secret Service Division was ordered reorganized by the Secretary of the Treasury, and the Chief was asked to resign.

On July 27, 1874, Bluford Wilson, Solicitor of the Treasury, made the following recommendations concerning the Secret Service Division of the Department of the Treasury:

- "1) That the present organization known as the Secret Service Division be at once abolished and the employees, with the exceptions hereinafter mentioned, discharged.
- 2) That the office in New York City be closed, that the office furniture and other property of the Division be sold, and the books, papers, and other records returned to the office in the Treasury Department.
- 3) That a new system be adopted and perfected as soon as may be practicable upon such basis as will secure the fullest responsibility to you and afford the most satisfactory guarantees of an honest and useful expenditure of the fund entrusted to you.



- 4) A share of the field work should be performed by United States Attorneys and United States Marshals."³⁴

The Secretary of the Treasury acted upon these recommendations, with the exception of number four. The newly reorganized Secret Service did not share any of its responsibilities. (It is interesting to note that at the time that the Solicitor of the Treasury made the above recommendations concerning the Division, especially those in connection with the United States Attorneys and United States Marshals, his immediate supervisor was the Attorney General, who, of course, was the supervisor of the United States Attorneys and United States Marshals.)

Elmer Washburn succeeded Whitley as Chief of the Secret Service Division on October 2, 1874. He assumed the controls of a much smaller law enforcement agency: there were only ten Operatives, five of which were new hires. Each of these ten men were in charge of Districts, which were located in New York City, Cincinnati, San Francisco, Philadelphia, Erie, Chicago, Detroit, St. Louis, and Nashville.³⁵

The results of the Solicitor's reorganization plan appeared to have the following results: approximately a fifty percent reduction in the field force; closer scrutiny by headquarters of field operations (recall that Whitley had attempted this, apparently with not enough success); the discontinuance of employment of many part time employees and/or informants; strict discipline; and the abolishing of the national headquarters in New York City by the return of the Chief's office to the Treasury Building. By the instituting of these policies, Chief Washburn was able to guarantee the continued existence of the Division. In the 118 year history of the United State Secret Service, there have been other calls for

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the reorganization of the Agency and major changes have been made; however, at no other time does it appear that the Service was as close to not surviving as it was during this time.

Chief Washburn was able to continue a close working relationship with state and local law enforcement agencies that had begun with his predecessor. These two men started a tradition which has been faithfully carried on by all Chiefs and Directors that have followed. The United States Secret Service would not be able to carry out its responsibilities, in protection and in investigation without a great deal of help from all other types of law enforcement.

The appropriation for 1875 continued at the \$125,000 level; however, records show that in 1876 the appropriation was reduced to \$100,000.³⁶ Contained in a memorandum written by Chief Washburn on January 28, 1875 are the following statistics, which contain the first record of the amount of counterfeit money seized in a given time period. It appears that this report covers the year 1874:

Number of persons arrested for counterfeiting and other frauds upon the Government	192
--	-----

Stolen and subsequently altered United States Registered Bonds	\$57,100.
---	-----------

Counterfeit money captured	\$71,241.
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Plates for counterfeiting National Bank notes of the denomination of \$2's and \$10's and fifty cent fractional currency captured	
---	--

30



Plate for counterfeiting Canadian Currency, denomination \$5	1
Steel dies for manufacturing \$10 gold coin-captured	3
Large and valuable presses for printing counterfeit money	2
Small new press for same purpose, very fine	1

Chief Washburn closed this report by stating, "The Solicitor of the Treasury has been charged with the re-organization of this Division, is still required to maintain a supervisory control of its entire working, and no person is authorized to act as an Operative or Agent of the Secret Service, unless he holds an appointment approved by him".³⁷ At this point in the history of the United States Secret Service, it would appear that the Chief was, to say the least, not in complete administrative control of his organization!

On October 27, 1876, James J. Brooks, former newspaper reporter and public defender, was appointed the fourth Chief of the Secret Service Division. He was the first Chief to have been promoted from the ranks, having served as Assistant Chief under Washburn.³⁸ No doubt because of this previous assignment as an administrator, he firmly believed in delegation of authority. He felt that it was his position to originate, direct, and scrutinize, but to leave the carrying out of the daily assignments to his employees.³⁹

Chief Brooks was responsible for issuing what could be legitimately called the first manual of instructions



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for field Operatives "General Orders No. 4", were issued within one month of his being appointed Chief and contained the directives that were to be followed in connection with investigations dealing with counterfeiters and informants, and contained an example of how a voucher should be completed.⁴⁰

As was the case with the men who preceeded him as Chief and those who have followed him as Chief and Director, Brooks was very proud of the work that had been done by his agency, especially since the work was done without the funds that he thought necessary. A good example of Chief Brooks feelings on the matter of appropriation is contained in a letter of August 7, 1877, in which he writes, "...I desire to state that this force ought to, and can be made to be, a terror to all evil doers against the Government, and I endulge in the hope that I may be permitted to extend its usefullness, especially when I know it can be done, and still keep within the limits of our small appropriation".⁴¹

James J. Brooks was the Chief of the Secret Service Division from 1876 until 1888, serving under five Presidents of the United States and nine Secretaries of the Treasury. During his tenure, a small investigation was conducted by Secretary of the Treasury, John Sherman, into the activities of the Division; however, all was found to be in order.⁴²

The appropriations for 1877 through 1879 remained at \$100,000; however, in 1880 it was reduced to \$60,000 where it remained for the remainder of his time as Chief.

The major events of his time appear to be of the administrative nature in that during 1878 the Secretary of the Treasury issued an order providing that the appointments made to the Secret Service Division be made



by the Secretary of the Treasury and the Chief of the Secret Service; and that the work be carried on in consultation with the Solicitor,⁴⁴ (it would appear that Chief Brooks was able to get out from under strict control of the Solicitor.)

Acting on what must have been an official inquiry, the first Comptroller, William Lawrence, stated, "The Secret Service Division is not technically and directly organized by express statute, but rests, as it may lawfully do, on the execution of Executive power, based on annual appropriations for 'detecting and bringing to trial persons engaged in counterfeiting'".⁴⁵ It would appear that the Division was once again being looked at with a jaundice eye. Once again it was able to survive.

It was while the Secret Service Division was being headed by Chief Brooks that for the first time the funding for the Chief, Chief Clerk (Assistant Chief), four clerks and one attendant, was not taken from the general appropriation but was a specific appropriation of \$12,980.⁴⁶ It was this appropriation of August 5, 1882, which made provisions for the first time for the Secret Service Division as a distinct organization within the Department of the Treasury. However, this was not enabling legislation, and the Division continued to exist only by appropriation.

The Secret Service, during the early 1880's, was being faced with much the same problem that the United States Secret Service of 1983 is facing: an increase in responsibility and a decrease in funding. All of the Federal Government was being asked to reduce expenditures in 1884. In order to comply with this request Chief Brooks issued the following order on May 31, 1884:

"By direction of the proper authority, my letter dated February 14, 1882, increasing



the per diem subsistence of commissioned Operatives to four dollars, is revoked, the revocation to take effect on and after June 1, 1884; until further advised and when away from Headquarters subsistence will be allowed you not to exceed three dollars per day".⁴⁷

A twenty five per cent reduction in per diem no doubt went a long way toward reducing the amount expended by the Service.

Chief Brooks must have been a rather difficult man to work for, and most certainly did not do much for the image of an administrator as one who was overly concerned for the work environment of his Operatives; quite the opposite: "Brooks did not approve of vacations for his men. In July 1883 he issued a circular indicating that certain Agents had requested leave of absence, and said that such leave was 'not needed by a class of Agents who for twelve hours of each day are actively exercising their functions of body and mind in the bracing air and purifying sunshine...hereafter, leave of absence can only be given without pay'".⁴⁸ A policy such as this certainly cut down on the amount of paper work required of headquarters: if no vacations are allowed, there would be no need to keep leave records!

The Secret Service of Brook's day, just as the United States Secret Service of 1983, employed undercover Agents and the purchase of counterfeit currency as a primary method of determining who was dealing in counterfeit currency and arrested those so involved. During the summer of 1885, Secretary of the Treasury, Daniel Manning, issued an order which stated that Secret Service Operatives could no longer utilize Government funds to purchase counterfeit currency from suspected counterfeiters. Chief Brooks immediately



responded to this order by contacting all thirty of the District Attorneys and asking their opinion of the use of undercover Agents and the purchase of counterfeits. Twenty-seven of the District Attorneys replied that they agreed with the use of that investigative tool and felt it quite necessary. Two did not reply and one agreed with the Secretary of the Treasury.⁴⁹ The Chief must have convinced the Secretary of the need for purchasing counterfeit money, for the practice was not halted and continues to this day to be the primary method of investigation utilized by Secret Service Agents in major counterfeit cases. The quick and well organized argument voiced by Chief Brooks to the ill advised order of the Secretary of the Treasury is indictative of the manner in which he managed the Division: self confident and no time for anything other than the work required. (No need for time off!)

The Secret Service Division since its birth in 1865 had been accused of being political, especially in its hiring practices. This situation had led to at least one call for a reorganization and more than one inquiry. Secretary of the Treasury Charles S. Fairchild, in an attempt to relieve the Chief of any threat of influential Government officials or Congressmen attempting to influence the hiring or increasing the pay of those already in the employ of the Division, issued the following administrative guidelines on August 12, 1886 in a letter to Chief Brooks:

"Sir:

The following rules will hereafter be observed in the conduct of the business of your Division;

First, The order of the Secretary of the Treasury, dated November 23rd 1878, is hereby revoked,

Second, The field force of the Division shall consist of Operatives, Special Operatives and Assistant Operatives,

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Third, All persons on entering the service shall be rated as Assistant Operatives, their per diem compensation not to exceed four dollars \$(4.00),
Fourth, Promotion for meritorious Service may be made to the rank of Special Operative at a per diem compensation not to exceed five dollars \$(5.00),
Fifth, Promotions may be made for merit from the rank of Special Operative to the rank of Operative at a compensation not to exceed seven dollars \$(7.00) per diem,
Sixth, All appointments shall be made by the Secretary of the Treasury, and the compensation to be paid in each case shall be fixed by him and shall be of record in the Division of Appointments, Secretary's Office. To insure efficiency and safety in the service, the names of the field employees will be held inaccessible to the public.
Seventh, Close scrutiny will be made by the Chief of the Division, as to the Antecedents, Character habits, Associations, and general qualifications of Applicants, and report the same to the Secretary before any Appointment is made.
Eighth, All changes in either rank or pay, recommended by the Chief of the Division, must be in writing, stating clearly the reasons for such recommendation,
Ninth, All accounts for service or expense must be made up under the direct Supervision of the Chief of the Division, who having fully satisfied himself of their legality, necessity and correctness, shall so certify on the face of each voucher; The account when sworn to, and proved as to compensation by the Chief of the Division of Appointments, and as to general expenses by the First Auditor, shall be paid upon the approval of an Assistant Secretary of the Treasury,



Tenth, Rewards for meritorious Services in the detection of counterfeiters may continue to be given, subject to the restrictions heretofore imposed".⁵⁰

During the last three years of his term as Chief of the Division, Brooks was in constant debate with the Solicitor of the Treasury concerning the amount of the funding being received by the Division. In his last year as Chief, 1888, the amount of the appropriation remained at \$60,000 and he was required to pay for his headquarters staff out of this amount with the exception of his salary of \$3,500.⁵¹ Not only was he unable to increase the amount of his budget, he had lost what had been gained in 1882 (the funding of headquarters staff not to be taken from the general appropriation). Though Chief Brooks must have been very satisfied with the strides that the Division had taken during his twelve years as Chief, especially in the administrative area; however, he was no doubt completely frustrated by his inability to convince the Secretary of the Treasury and ultimately the Congress of the need for additional funding.

John S. Bell, former Chief of Police of Newark, New Jersey was sworn in as the fifth Chief of the Secret Service Division by Secretary of the Treasury Hugh S. Thompson on February 16, 1888.

An administrative practice that continues to this day, the marking of counterfeit notes with a "counterfeit" stamp was emphasized by Chief Bell and was reinforced by a circular, "Branding Counterfeit Money", signed by Chief Bell and approved by Secretary of the Treasury Thompson on July 27, 1888.⁵² This circular was distributed to all National Banks and the following of these instructions was instrumental in reducing the flow of the same counterfeit note through several businesses and banks. This same

procedure and the receipts that are forwarded by the United States Secret Service field offices to the submitting banks is the main procedure utilized by today's Secret Service to determine the amount of counterfeit money passed on the public. (See Appendix C for copy of the circular submitted by Chief Brooks and for a copy of the receipt utilized by the United States Secret Service in 1983.)

Although the Chief and his staff were involved a great deal with the expanding administrative requirements of the Service, the main operational purpose of the Division, the suppression of counterfeiting was being ably performed by the field Operatives, which by this time numbered about 30.⁵³ In a memorandum submitted to the Secretary of the Treasury on November 1, 1888 Chief Bell advised that during the previous twelve months 407 persons had been arrested for counterfeit law violations. 46 of these persons had been previously arrested and of the total number 67 were natives of Italy. (The beginning of the Mafia?)

The reputation of the Operatives that were responsible for these arrests and the successful conclusions of their many investigations, was outstanding. George P. Burnham wrote, "...the number of accomplished first class rogues and operators at large in this country has been considerably diminished; and more especially has this desirable result been effected, within a comparatively recent period, thanks to the ingenuity, the prudence, the courage, and the zeal of the force attached to the Secret Service".⁵⁴ He went on to say, "Secret Service Officers are to be credited, who have sought them out (counterfeiters), and captured the offenders against law, order and the weak of society--and who have thus done and are still doing the Nation right good service".⁵⁵

Chief Bell continued to have the same difficulties

that had been a great burden to the previous Chiefs, especially Chief Brooks. There was a lack of funds to achieve the goals of the Division which by 1888 were: to detect persons counterfeiting treasury notes, bonds, national bank notes, coins, and other securities; and other felonies against pay and bounty laws.⁵⁶ Congress, with the approval of the Secretary of the Treasury in that he refused to ask for an increase in funds, continued to fund the Division far below that which the Chief felt was needed. In 1889 the appropriation was raised to \$64,000 and in 1890 it was \$69,000.⁵⁷

In an attempt to achieve as much as possible with limited manpower and limited funds, the Division made the determination that further control of the field Operatives was required; and on September 1, 1889, "Rules and Regulations for the Guidance of Agents and Other Employees" was issued. This document was 28 pages in length and was divided into the following sixteen sections:

- Concerning Reports,
- Relating to Personal Service of Agents,
- Arrests,
- Property, How Treated, Its Temporary and Final Disposition,
- Respecting Pledges of Secrecy, Immunity, &c.,
- Concerning Information,
- On the Advance and Use of Money,
- Absence from Duty,
- Extended Jurisdiction,
- Why Director Publications Are Furnished,
- To Collect Expenses as Witness,
- Stationery,
- Assistants,
- Intercourse Between Employees,
- Carrying Unbranded Counterfeit Money,
- Telegraphing,
- Monthly Accounts.



The last paragraph of this document indicates that the Chief's staff was attempting to use administrative means to achieve success in operational areas: "A ready compliance with all of the foregoing is expected, as they are promulgated in the interest of honesty, efficiency, economy, and safety".⁵⁸

It is interesting to note that all United States Secret Service records, Treasury Department records, and various books written on the history of the United States Secret Service indicate that John S. Bell was Chief until June 2, 1890. Records show that there was about a seven month span of time without a permanent Chief and that on January 2, 1891 Andrew L. Drummond was sworn in as the sixth Chief of the Secret Service Division. The evidence that these are the correct dates for the departure of Chief Bell and the beginning of Chief Drummond's term is extensive; however, the "Rules and Regulations" issued in 1889 bear a date of 1889 on the cover and on page three contains the date September 1, 1889 and bears the signature of A. L. Drummond, Chief. It would appear that the logical explanation for this discrepancy was a mistake in printing, or perhaps the "Rules and Regulations" had been produced for signature in 1889 and for some reason was not distributed by Chief Bell. This does not appear to be a major event in the history of the United States Secret Service, but it is at least interesting.

The month following the swearing in of Chief Drummond, the 51st. Congress passed a law which continues to be a very important aspect of the tools that the present day Secret Service utilizes in the battle against counterfeiters. This was the act which provided for the seizure, forfeiture, and disposition of counterfeit obligations or coins, and of any materials used in their manufacture⁵⁹ (underlinings added). The ability to seize the counterfeiter's equipment is a powerful weapon that the United



States Secret Service utilizes in an attempt to reduce the ability for convicted counterfeiters to again make their "own money". The passage of this law and the enforcement of the law requiring the "branding" of counterfeit notes by the National Banks were major milestones in the history of the United States Secret Service effort against those that would counterfeit the currency of the United States and foreign governments.

It was also during the first months of Chief Drummond's tenure that the supervision of the Secret Service Division was taken from the Solicitor of the Treasury and given to an Assistant Secretary of Treasury.⁶⁰

Chief Drummond recommended to the Secretary of the Treasury that the Civil Service rules be extended to cover the office force of the Secret Service Division, but not the Operatives. It was his belief that the field force should be left outside the classified service, so that their names would not have to be published. The office force, at this time, 1892, consisted of the Chief, Chief Clerk, and four clerks.⁶¹ This is the first time that the administrative personnel of the Division were shown to be a separate type from the Operatives. This continues to this day with the non-agent employees being classified in a different category from the investigative personnel and being placed in a different retirement plan.

During this administration, Division Agents, Operatives, now being referred to as Agents, were given the administrative authority to apply for and obtain search warrants. This ability was no doubt instrumental in allowing the Division to seize over \$2,087,600 in counterfeit currency and arrest 524 persons for violation of the counterfeit laws.⁶²

The appropriation for 1891 was \$69,000, and for 1892

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it was raised to \$75,000. In 1893 it was reduced to \$70,000 and in 1894 the appropriation was again reduced to \$60,000, the same figure that was provided in 1880 and \$65,000 less than the appropriation of 1875.⁶³ It is no wonder that Chief Drummond was in consternation over the inability of Congress and the Treasury Department to understand his Division's need for increased funding. The men who assumed the responsibility of being Chief of the Division during the latter part of the 19th. century should be given great praise for their ability to direct a new agency, with expanding responsibilities, without the necessary budget. In fact, there were many years in which their budget was less than the previous year. It is unfortunate that the administrative insights that they must have possessed have for the most part been lost. It is obvious that the few examples that have been recorded and mentioned in this essay are but a small portion of the management policies and ideas utilized by these men and their small administrative staffs.

On February 8, 1893, Chief Drummond issued the second administrative manual which contained the rules and regulations compiled and arranged from general orders and circular letters issued during the previous thirteen years. This manual contained the same sixteen sections that had been included in the manual issued in 1889, with one major exception. This new edition contained a listing of the forty administrative forms then in use by the Division and an instruction that these, and only these, forms could be used!⁶⁴ (The required use of the correct form had begun, this practice continues to this day in the Secret Service; however, the number of forms is now up to 522 and on the increase!)

Late in the administration of Chief Drummond he forwarded a memorandum to the Secretary of the Treasury recommending that all employees of the Secret Service

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Division be placed under the rules and regulations of the Civil Service.⁶⁵ This recommendation, although not immediately acted upon, was the forerunner of the present situation which finds all employees under the rules and policies of the Office of Personnel Management (formerly Civil Service Commission). This has proven to be a good situation in most instances; however, in the discipline of Agent personnel these rules and regulations often times are too lax for the strict discipline that is preferred and necessary for Agents.

Chief Drummond chose to retire from the Division which in itself was noteworthy in that most of his predecessors had been asked to leave. On February 1, 1896, William P. Hazen, a field operative for only seven months, but with considerable experience as a detective, was sworn in as Chief of the Secret Service Division.

During the time that Drummond was concluding his tenure as Chief and Hazen was just beginning his, the art of photography and photographic equipment was being improved to such a state that a deceptive counterfeit note could be produced.⁶⁶ This event has, of course, had a tremendous effect on the United States Secret Service. This improvement in the state of the art photographic equipment and the adoption of new silver coin designs in 1894 coupled with a tremendous lack of field personnel led to renewed interest in the crime of counterfeiting.

Even though counterfeiting was on the rise, Chief Hazen was unable to convince Congress of the need for expanded resources for his Division, either in money or manpower. In 1895, the Division's appropriation was again only \$60,000, raised to \$65,000 in 1896, and the same in 1897.⁶⁷

Two events in Chief Hazen's short time as Chief of the Division are of significant importance in the over-

all administrative history of the United States Secret Service. The first was of an investigative nature and the second of a protective interest nature. (The Service was still not "officially" involved with the protection of the President.)

In 1898 a counterfeit \$100 note appeared in the Philadelphia, Pa. area and was so deceptive that the Secretary of the Treasury was forced to recall the entire issue of that type of \$100 note. In a letter dated January 7, 1898, the Secretary of the Treasury wrote to Chief Hazen:

"In view of the recent discovery of a counterfeit of Silver certificates of the denomination of one hundred dollars (\$100) and of the further fact that there appears to be a large number of such certificates in circulation and in the hands of the public, sufficient to warrant the recall of the entire governmental issue of silver certificates of like denomination, I hereby direct that until otherwise ordered you will devote your entire time to a vigorous and ceaseless endeavor to discover the counterfeiters of said certificates.

Since entering this department it has been my earnest desire to investigate thoroughly the operations of the Secret Service Division, covering the Methods in general pursued by the operatives connected with the service, and the manner in which the work for the suppression of counterfeiting has theretofore been conducted. In furtherance of this purpose and until otherwise ordered Mr. Fred Brackett, Chief of the Division of Appointments, is hereby detailed and assigned as Acting Chief of the Secret Service Division.

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You will understand that the action thus proposed is not intended to reflect upon you or your official conduct, but to enable me to ascertain by independent methods the quality of your subordinates and the general efficiency which has marked your conduct of that important office".⁶⁸

Chief Hazen was never again returned to his post as Chief. He became involved in the pursuit of those responsible for that particular counterfeit note and remained as an Agent for three years after receipt of the above letter.

That particular letter was some what deceptive. There was a major problem with the counterfeit \$100 note; however, the Secretary of the Treasury was more concerned with allegations that Chief Hazen was in serious debt and that as Chief he had authorized the assignment of upwards of three Agents to guard President McKinley's vacation home in Gray Gables, Mass.

Acting Chief Brackett's investigation revealed that on several occasions that type assignment did in fact occur and that was an unauthorized use of the Division's appropriation.⁶⁹ It was apparently of little note that the President obviously had ordered this protection. There is no record that could be found of his making this point known, or even if he was aware of the investigation that involved his properties. This was the first time that the Division would be criticized for acting on Presidential order to protect a property or person, but not the last. On more than one occasion the Director of the United States Secret Service has had to answer an inquiry concerning the protection of persons or property which has been ordered by the President of the United States.

The Division "survived" this investigation with reputation intact; and, in fact, due to the outstanding reputation of its Agents at the onset of the Spanish - American War, the War Department asked that the Secret Service Division attempt to locate Spanish agents in this country.⁷⁰

On February 28, 1898, John E. Wilkie, was sworn in as Chief of the Secret Service Division. His background was somewhat different from that of his predecessors in that he was a newspaper reporter.⁷¹ From all accounts it appears that he was the forerunner of what are today known as, "investigative reporters". He took office at the time when publicity was being generated by the flood of the counterfeit \$100 note that had been the downfall of Chief Hazen and the rise of other counterfeits. This finally led to an increased appropriation for the Division, for in 1899 the Congress appropriated \$100,000 for the Division and the appropriation has never gone below that level.⁷² The culprits responsible for that profuse \$100 counterfeit were identified and captured by a group of Agents in Philadelphia, Pa. during the latter part of 1898. As noteworthy as the successful result of this case was, this is not the event that will be remembered as the most important during the period of time that Chief Wilkie was in charge of the Division.

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Section 2
History
1901-1940

On September 6, 1901, President William McKinley while visiting the Pan American Exposition in Buffalo, New York, was shot twice by Leon F. Czolgosz and subsequently died from his wounds on September 14, 1901. This infamous crime, the shooting of a President of the United States, occurred again. It was the third assassination attempt in only 36 years. Following this assassination it was evident that physical protection must be afforded the President of the United States; however, Congress had a great deal of difficulty in deciding just how this should be accomplished. Over 17 bills concerning the protection of the President were introduced in Congress shortly after the assassination of President McKinley. None of them were successfully acted on by Congress. While these endless discussions were carried on by Congress the Secretary of the Treasury and the Secretary to the President acted: the Secret Service Division was directed to provide physical protection for the President.⁷³ A new era had begun for the Secret Service Division and again without enabling legislation. The first mention in an appropriation bill authorizing the expenditure of funds for the protection of the President occurred in the appropriation bill for 1907. The bill states what the appropriated money may be used for and then closes by stating "...and for no other purpose whatever, except in the protection of the person of the President of the United States".⁷⁴

There is an interesting sidelight to the circumstances surrounding the assassination of President McKinley and the role of the Secret Service. It is true that the Division

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was not responsible for the protection of the President, nor was it legally able to expend any funds to protect anyone. However, three Agents were with the President in Buffalo on the day he was assassinated. The record is fairly clear on the role of these three Agents: they were to aid in the swift movement of the reception line and to prevent crowding around the President,⁷⁵ not for physical protection. However in testimony given before the House Committee on Appropriations in 1909, Chief Wilkie said the Agents were to be, "as much protection as could be".⁷⁶ The Secret Service did not receive any criticism for their role in Buffalo, either for being there in the first place or for being less than successful in being, "as much protection as could be".

Edition number three of the "Rules and Regulations for the Guidance of Agents and Other Employees of the Secret Service Division" was issued by Chief Wilkie on January 15, 1906 and contained a compilation and arrangement of the general orders and circulars issued during the previous 25 years. This particular manual did not contain any mention of the protection responsibilities that the Division was now performing; however, it did contain explicit instructions in the proper manner of ordering and utilizing the correct stationery. On page 37 is found, "Stationery of whatever character for the transaction of official business will be furnished by this office upon requisition on Form No. 1571". The entry then goes on to say, "The following blank forms, used exclusively by the field force, should be ordered by number:" and lists 20 forms that were to be used exclusively.⁷⁷ It appears that the administrative growth of the Division was keeping up with the increase in operational responsibility.

During the same appropriation hearing in which Chief Wilkie commented on the assassination of President

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McKinley, he asked for a budget of \$125,000. The Chief said that he employed 56 Agents in 31 offices. More than 20 of the men had over ten years experience and most of the remaining men had between eight and ten years experience. He went on to say that there were over 3,000 experienced detectives on a waiting list hoping to become Agents of the Secret Service. (While reading through the minutes of the Hearing I was able to determine that each of these 3,000 detectives had completed Civil Service form 308, "Application for Secret Service". It must have been quite an administrative undertaking for the limited headquarters staff to compile and record this list of applicants.) The appropriation was approved for \$125,000, with an extra \$16,120 assigned to pay for the salaries of the Chief, (\$4,000), Assistant Chief, (\$3,000), six clerks, (\$8,400), and one attendant, (\$720). This figure for the administrative staff of the Division remained at this level until 1918, when it was increased to \$17,120. This \$1,000 increase was not due to additional personnel, the Chief and the Assistant Chief each received a \$500 increase in pay!⁷⁸

It was under Wilkie's leadership and during the formative years of Presidential protection that it became evident there was a need for gathering information on those people or groups that are a threat to the President. Several plots had been discovered by local and state police concerning the "anarchists". Many of these schemes seemed to be directed toward President Roosevelt. The Secret Service followed these events closely and with the aid of local police departments compiled a list of those men who were supposedly plotting against the President of the United States and other world leaders. Secret Service records show that Chief Wilkie spent four or five months in Europe visiting the various law enforcement agencies and exchanging information concerning the anarchists. It also appears

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that certain Secret Service Agents, acting as undercover agents, infiltrated various groups which allowed the Division to be aware of the activities of the subversive organizations. (It is interesting to note that the FBI is attempting at the present time to again retain the authority to infiltrate certain groups that seem to be plotting the overthrow of the present Government.)

The reputation that was enjoyed by the Agents of the Secret Service as being outstanding investigators led to their being detailed to various other Government agencies when those agencies had a need for trained investigators. This led to the Division being involved with land fraud investigations stemming from the passage of the Homestead Act. The Agents that were assigned to the Justice Department were very successful and in fact their investigations led to Congress itself, and a Senator and a Congressman were indicted. This led to a rider being attached to the 1909 Secret Service appropriation which would not allow any other agency to pay any Agent of the Secret Service. Of course the Secret Service out of its appropriation could not pay for those Agents that were detailed to other agencies, therefore, the investigations were stopped.⁷⁹

The Justice Department then hired nine Secret Service Agents and along with 14 other investigators they formed the Bureau of Investigation. In 1935 this organization was renamed the Federal Bureau of Investigation.⁸⁰

Following the 1908 election the Division was given the task of protecting the President-Elect. Counterfeiting was on an increase, and a second major investigative task was beginning to require manpower: the forging of Treasury Checks.

Chief Wilkie retired in 1912, and on December 18, 1912, William J. Flynn, the Agent in Charge of the New



York Office and a fifteen year veteran of the Secret Service became the next Chief. It was during his first year as Chief that the cost of Presidential protection took its first toll on the Division's funds. Due in large part to the cost of the Presidential Inauguration the Service ran out of money in June and the employees were forced to work without pay for the last six days of the fiscal year.⁸¹

In 1912, the Division received funding in the amount of \$135,000. It remained at that level for 1913-1914, and was raised to \$145,000 for 1915.⁸² It was during 1915 that the Division began to receive extra assignments from the Secretary of the Treasury, who was usually acting on orders from the President. A partial list of these assignments is as follows:

- Violations of U. S. Neutrality in connection with the War in Europe (WWI),
- Farm Loan Act - Enforcement Sections,
- War Trade Board - Enforcement Sections,
- Teapot Dome Scandal - Chief Investigators.⁸³

During this time of expanding protective responsibilities, the number of counterfeit arrests decreased although counterfeit activity remained constant. In 1912 only 324 persons were arrested for counterfeit violations.⁸⁴ This is no doubt due to the amount of time that the Division was now spending on protection. This negative impact caused by the protective responsibilities was first felt by the Division in 1912 and has impacted on the United States Secret Service throughout its history. Records show that when protection responsibilities are increased, without the necessary increase in manpower that investigative results are negatively effected. Fortunately for the United States Secret Service, and the American people, in recent years the Director of the Secret Service has been able to convince Congress of the need for expansion in the ranks of Agent personnel. At the end of fiscal year 1983

there will be approximately 1,850 Special Agents in the United States Secret Service, a far cry from the 25 of 1865 and the 353 in 1962.

The Secret Service Division was expending a large percentage of its manpower and financial resources on the physical protection of the President and in conducting the investigations connected with written and verbal threats against the President; however, for unknown reasons the Service was not indicating that fact in the end of fiscal year reports. For instance the "Annual Report of the Chief of the Secret Service Division" for fiscal year 1916, lists the usual administrative facts of how many offenders arrested, the crimes committed; the location of the arrests; the States in which the crimes were committed; the investigations conducted; the amount of counterfeit money seized; the number of counterfeit plates, dies, and molds recovered; and ends with the following: "In addition to the suppression of counterfeiting, Agents of the Service were from time to time detailed, by your direction (Secretary of the Treasury), to investigate violations of other laws relating to the Treasury Department and its several branches, such as customs and internal revenue frauds, theft of Government property, forgery of Government checks, fraudulent claims, etc."⁸⁵ No mention, even under miscellaneous, of what was to become the most important responsibility of the United States Secret Service, protection of the President. The Division was continuing to have difficulty in obtaining the size appropriation that was needed, yet it would appear that Chief Flynn was not making full use of the evident reason for the need for extra resources in connection with the protection of the President.

Another area of importance that was in the above quoted portion of the 1916 report was the mention made of the Division's involvement with the forgery of Government checks. This crime was on the rise and would continue to



increase at such a rate that today's United States Secret Service Agents in a majority of the field offices spend most of their investigative time on forgery cases.

During the last year of Chief Flynn's five year tenure as head of the Division, 1917, the annual appropriation remained at the \$145,000 level with the payroll for the administrative staff remaining at \$16,120.⁸⁶ The situation remained as it had for the first 52 years of the Secret Service, an increase in assigned tasks without the necessary increase in resources, either fiscal or human. (Due to the increase in operational requirements, the administrative staff had to remain the same size, for any increase in the authorized ceiling had to be placed in the field. Unfortunately this remains true in the Secret Service of 1983; even though operational increase of necessity lead to increases in administrative duties, these administrative employees are asked to do more with less.)

Chief Flynn resigned of his own free will in 1917. He was one of the few Chiefs in the short history of the Division that had not either been asked to resign or had been demoted. He returned to New York City where he established the Flynn Detective Agency.

Also during this time, 1917, the protection of the President's family was authorized by Congress and it became a crime to threaten the President in person, verbally or in writing.⁸⁷

On January 2, 1918, William H. Moran became the tenth full time Chief of the Secret Service Division. Chief Moran had begun his career as a clerk under Chief Brooks in 1882 and had worked his way up to the "number one job". This appointment also marked the end of a trend of rather short tenure of Division Chiefs. Moran

was destined to remain Chief until 1936. He was replaced by Frank J. Wilson in 1937, followed by James J. Maloney in 1947. Chief Maloney only served for one year; however, he was replaced by U. E. Baughman who served as Chief from 1948 until after the election and inauguration of President Kennedy in 1962.

The Secret Service Division's reputation as an investigative agency which was able to achieve outstanding results led, as previously noted, to several special assignments. These were usually from the Secretary of the Treasury. There was never prior approval of Congress for any of these special assignments, let alone any enabling legislation; therefore, there had not been any increase in funding or the proper recognition of all that was being accomplished by this very small agency.

The 65th. Congress on April 18, 1918 passed the War Finance Corporation Act and directed the Secretary of the Treasury to, "use the Secret Service Division of the Treasury Department to detect, arrest, and deliver into custody of the United States Marshal having jurisdiction any person committing any of the offenses punishable under this section".⁸⁸ Finally the Division had received recognition of its special assignments which required utilization of its resources. This same Congress raised the appropriation to \$275,000 with an additional \$20,120 for an expanded administrative staff.⁸⁹ It would certainly appear that there was a connection with this major increase in the size of the appropriation and the "official" assignment of the special responsibility to the United States Secret Service under the War Finance Corporation Act.

It was also during Chief Moran's first year in office that the Division was required to prepare for and participate in President Wilson's extended trip throughout Europe



from December until July.⁹⁰

The crime of counterfeiting was once again on the rise during the early 1920's as was the number of persons being arrested for forging Government checks; due to prohibition the Service was also involved in the investigation of counterfeit Internal Revenue stamps for liquor and the Division was heavily involved with investigating the theft and forgery of liberty bonds and war savings stamps.⁹¹

In a letter to Agents in Charge of Districts, dated December 21, 1922, Chief Moran said that he had just submitted the Annual Report for the fiscal year ending June 30, 1922, the first such report since 1916. Again, just as in the 1916 Report there is not a mention of any protective related activity, just facts and figures concerning criminal investigations. The report stated that during 1922, 1,195 arrests had been made in 35 districts, with New York leading all districts in arrests with 138.⁹² It is also interesting to note that the Chief only mentions the investigations that had been involved with the counterfeiting statutes and check forgery violations. No mention is made of the number of cases or arrests stemming from other assignments. It would appear that once again the Chief's staff made a conscious decision not to publish the amount and type of work being conducted by the Agency.

The appropriation for the Division increased however. For 1919 the amount was \$300,000 and by 1921 it was raised to \$400,000 and the amount for the administrative staff was increased to \$20,440. The appropriation remained at \$400,000 in 1922 and was raised to \$425,000 in 1923 along with an increase to \$23,440 for the administrative payroll.⁹³

It was during 1922, that the bill was passed by Congress creating a White House Police Force under the sole control

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of the President.⁹⁴ The direct supervision of the White House Police Force remained with the Office of the President until 1930, when the supervision was transferred to the Chief of the Secret Service.⁹⁵ The Metropolitan Police Department of Washington, D.C., had been assigning officers to the White House for many years; however, it was felt in 1922 that a special, unique force need be formed and 33 officers were chosen from the ranks of the Metropolitan Police Force and the United States Park Police to begin such a force.⁹⁶ It appears that the need for the same direct supervision led to the White House Police Force being placed under the Chief of the Secret Service in 1930. This force has now become the Uniformed Division of the Secret Service which is not only responsible for the physical security of the White House, but the New and Old Executive Office Buildings, the Foreign Embassies in Washington, D.C., and assignments in connection with the physical protection of certain protectees of the United States Secret Service. As of 1983, there are 959 personnel in the Uniformed Division. The Director of the Secret Service is unique in Federal law enforcement in that he is responsible for a large uniformed department and also 1,850 agent personnel.

Chief Moran was successful in certain administrative areas during the first six years of his tenure as Chief. In 1921 the first written examination for the position of Agent was announced. This need for a written examination was required to enable the Agents of the Division to qualify for a Government pension which had been authorized in 1920. In 1923 Federal positions were formally classified according to duties and appropriate salaries were assigned. This led to Secret Service Agents being taken off per diem and placed on salary during 1924. In that year the Division appropriation was \$425,000, with an additional \$23,440 for the administrative staff; this was raised to \$27,540 for 1925 along with an operational appropriation of \$433,800.⁹⁷

Unfortunately the size of the appropriation was not all that was increasing; so was the amount of the counterfeit currency being produced. This increase led in 1925 to the forming of a committee in an attempt to determine what could be done to halt this rapid increase. This select committee submitted its report during 1928 and a number of its recommendations were adopted, such as: currency was reduced in size and made a uniform size; five types of currency continued to be manufactured: United States Notes, Silver Certificates, Gold Certificates, Federal Reserve Notes and National Bank Notes, (now all had the same face and back design); security fibers were placed throughout the paper, not just in certain areas. These new types of notes were first produced in 1928 and placed in circulation in 1929.⁹⁸

The Secret Service Division received an appropriation of \$450,000 for 1926, with an additional \$25,680 for the administrative staff, a reduction from that received for the administrative staff for 1925. The amount was again reduced in 1927 to only \$25,180, but the operational budget was raised to \$460,000. For fiscal year 1928 the Division received \$495,000 and an amount of \$27,640 for the administrators. In 1929 the annual appropriation went over the one-half million dollar plateau for the first time, with an amount totaling \$523,000 and an additional \$28,740 for the headquarters staff. From 1930 to 1932 the appropriation increased sizably, but 1933 brought a cut in funds and the appropriation for that year was \$583,620.¹⁰⁰

On February 15, 1933, President-elect Franklin D. Roosevelt was in Miami, Florida and an attempt was made on his life. One of the five shots that was fired struck the Mayor of Miami who died from his wounds. This caused a bill to be introduced in Congress making it a Federal crime to assassinate the President, Vice President, President-elect, Vice President-elect and the candidates

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for President and Vice President. The bill was not passed.¹⁰¹

By 1933, there were 167 Agents in the Division¹⁰² credited with 2,279 arrests, 1,406 of which were for the ever increasing crime of forgery of Government checks.¹⁰³ By 1936, the number of Agents had increased to 246, and Chief Moran, after receiving two extensions on his mandatory age retirement, retired. After having served for 55 years in the Secret Service, 18 years as Chief, he received the maximum Federal retirement benefit of \$1,200 per year.¹⁰⁴

Secret Service appropriations during the first part of the depression years were reduced as were all Government appropriations; however, the amount of reduction was not dramatic and it again increased in 1936:

1934 - \$570,826
1935 - \$588,440
1936 - \$712,940
1937 - \$903,160
1938 - \$863,160
1939 - \$863,160.¹⁰⁵

On January 1, 1937, Frank J. Wilson began his twelve year tenure as Chief of the Secret Service. He immediately caused a tremendous change in the attitude of the Service concerning the manner in which the Service managed its responsibility concerning the counterfeiting of currency. The decision had been made in 1865 to attempt to keep the public from being in a panic over the amount of counterfeit currency. There would not be any type of general education concerning the detection of counterfeit notes. This policy remained in effect until Chief Wilson initiated the "Know Your Money" campaign in New York City during 1937. The effort was tremendously successful, thousands of people were reached through newspapers, magazines, and national radio.¹⁰⁶

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The Secret Service annual appropriation was not able to finance the "Know Your Money" campaign, and the Secretary of the Treasury provided \$300,000 for years 1937 and 1938 from the Emergency Relief Fund.¹⁰⁷ It is interesting to note that this \$300,000 was more than 30 percent of the Service's appropriation for those two years. The "Know Your Money" program was so successful that a second program was undertaken to make the public aware of the problem concerning the forgery of Government checks. This program entitled, "Know Your Endorser", was responsible for the requirement that identification concerning the endorser be noted on the reverse of the check and was largely responsible for standardized pay days; so that the public would know on what date they should expect their Government checks.¹⁰⁸

It was during the time that these administrative programs were proving to be extremely successful that Chief Wilson began to make certain administrative changes to facilitate the every day monitoring of the activities of the Agents. A system of statistical record keeping was initiated, with a Statistical Division being established. This led to a new reporting form for Agents to note their individual activities and to indicate their personal efficiency. The Chief also instituted periodic inspections of field offices and their individual operations; and the overall accomplishments of the Service were evaluated.

The Secret Service Division of the Treasury Department was not the only agency concerned with instituting effective administrative procedures. In an attempt to be more efficient in the area of Treasury Law Enforcement as a whole, the Secretary of the Treasury, on September 15, 1937, had Elmer L. Irey placed in charge of the coordination of the activities of the Treasury Law Enforcement Agencies.¹⁰⁹ This position of Assistant Secretary

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for Law Enforcement and Tariffs continues to the present time. The United States Secret Service is responsible to this Assistant Secretary.

In 1938, an expanded 160 page "Rules, Regulations, Procedures, and Objectives" was prepared and issued to each Agent. This volume was divided into the following six chapters, plus an introduction:

- Rules, Regulations and General Instructions;
- Presidential Protection and Other Security Functions;
- Crime Prevention;
- Counterfeiting Investigations;
- Claims and Bond Investigations;
- Miscellaneous Investigations.

This document described the plan of organization as follows,

"The Chief is charged with the supervision and direction of the White House Police Force, the Uniformed Force of the Secret Service, and the Field and Departmental Forces of the Secret Service. The field is divided into districts, each in charge of a supervising agent, who is directly responsible to the Chief".¹¹⁰ (The chain of command was certainly direct, and responsibility easily located.)

With the establishment of a Statistical Division it would only be a matter of time that a complete record keeping system would be created. This occurred in 1940 with the establishment of the "Central File". This file was designed to provide for the needs of the field investigator. It contained, and contains to this day, an index of those arrested by the Service; descriptions; suspects; license numbers; and any identifying data that could possibly be of use to an Agent. This file is at the present time being computerized and will be available



to all field offices during 1985.

The United States Secret Service of 1983 employs the polygraph in certain types of investigations and has recently expanded their program to include the loaning of operators to other law enforcement agencies. The use of the "lie detector" was begun by Chief Wilson in 1940 when other agencies were not inclined to do so. This is an example of the far reaching impact of certain of the Chief's plans, which were most advanced for his day. He was able to see that the Agents would need investigative aids if they were to be successful in their work, ie: records, statistics, and polygraph.

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Section 3

History

1940-1963

On April 9, 1940, Germany invaded Norway and its Royal Family was forced to flee their country. Crown Princess Matha and her two children arrived in the United States in September of 1940. At the request of President Roosevelt the Secret Service was assigned to protect the Crown Princess and her children. This was the beginning of a new era in the Secret Service. During the war years the Service was asked to provide security for many visiting foreign dignitaries as they came to the United States. A partial list is as follows:

Prime Minister Winston Churchill of England,
Madame Chiang Kai-shek of China,
Queen Wilhelmina of the Netherlands,
President of Chile,
Prime Minister of Pakistan,
President of the Phillipines.¹¹¹

The protection of the President of the United States was also dramatically altered by the beginning of the second World War. Michael F. Reilly, the Agent in Charge of the White House Detail has written, "...on December 8, 1941, I had no difficulties in getting the forces increased from 11 to 70 Secret Service men assigned to the Mansion".¹¹² According to Reilly it was during 1942 that the Secret Service first utilized an armored car for the President. It was Al Capone's vehicle that had been seized by the Internal Revenue Service and was then purchased by the Secret Service for \$750.¹¹³

The travel of the President to conferences at

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Casablanca, Cairo, Teheran, Yalta, and Potsdam would have been difficult for the Secret Service during normal times; however, during World War II these trips and the security arrangements required were monumental.¹¹⁴

The Service was also asked to perform extra investigations during this time. A force of Agents seized the files and reports of Japanese firms and protected this and other properties of aliens that had been seized by the Government. On December 26, 1941, the Service transported the Government's important papers to Ft. Knox, Kentucky. Included were three volumes of the Gutenberg Bible, the Articles of Confederation, The Magna Carta, Lincoln's Second Inaugural Address, Lincoln's Gettysburg Address, The Constitution of the United States, and the Declaration of Independence.¹¹⁵

The Chairman of the National Defense Research Committee asked President Roosevelt to direct the Secret Service to conduct surveys of the locations where the Committee scientists were working and to make recommendations concerning the security of these locations. The scientists employed by this Committee were ultimately responsible for developing the weapon that led to the end of World War II.¹¹⁶

The losses to the public from counterfeit currency during World War II was reduced 97% from \$1,030,053 to \$31,987.¹¹⁷ This was due in part to the Nation's involvement in the war and in part to the lingering effect of the "Know Your Money" campaign. However, the number of checks issued by the Government doubled during the war, which led to an increase in the number of check investigations. Also the stamps that were issued for rationing were counterfeited, and this created another area of involvement for the United States Secret Service.¹¹⁸

In May of 1944, according to an organizational chart submitted by Chief Wilson, the following was the administrative chain of command for the Secret Service:

"The Secret Service Division is under the direction of the Chief who is assisted by an Assistant Chief, and Assistant to the Chief and an Executive Aide. The Chief reports to the Assistant Secretary of the Treasury in charge of the Bureau of Narcotics and the Bureau of Customs as well as the Secret Service.

The Assistant Chief is in charge of investigations and Presidential Protection. In this category is included the Field Districts, the staff assigned to Presidential protection at the White House, the detail assigned to the President's Family in the field, the White House Police and the Protective Research Section.

There are 15 field districts (No. 4 which included Delaware and New Jersey has been abolished) and the White House. Each district is divided into sub-districts and resident agencies, under the direction of agents in charge and resident agents who report to supervisory agents.

The Protective Research Section is attached to the White House staff and its function is to make analysis, classify and forward to field offices for investigation all letters to the President of a threatening or crank nature.

The White House Police is the uniformed staff which guards the White House and grounds.



The Assistant to the Chief has charge of the Crime Prevention Program, Budget and Personnel & General Office Administration. Reporting to him are the Executive Aide to the Chief, the Administrative Officer, and the Personnel Officer, in the order named. The Uniformed Force and the War Currency Detail, and the Records, Contraband, Claims, and Purchase and Supply Sections, are under his direction.

The Uniformed Force is charged with the protection of the paper currency and other Government securities and obligations during the process of manufacture at the Bureau of Engraving and Printing, in transportation to other Government departments in Washington, and in the vaults of the money handling divisions of the Treasury Department. The force also assists in the enforcement of the rules and regulations of the Department and has police powers of arrest within the Treasury Building and on Government property. There is a detail of the uniformed force assigned to guard the offices of the Bureau of Public Debt in the Merchandise Mart and Nash Buildings, Chicago, Illinois. An agent of the Secret Service is detailed to supervise the Uniformed Force. The War Currency Detail is a special guard force assigned to watch over the manufacturing and handling of special currency manufactured under special contract by a private firm.

The Record Section puts out a confidential monthly publication for the agents at Washington and in the field to keep them posted on current happenings in Washington.

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The Contraband Section is charged with the handling and disposal of all contraband taken as evidence in arrests. The contraband includes such articles as counterfeits, tools and machinery used in the manufacture of these counterfeits.

The Claims Section handles the recording and forwarding to the proper officers of all claims on lost checks and bonds.

The Purchase and Supply section takes care of the purchasing, requisitioning and distribution of supplies and equipment needed by the Division.

The Executive Aide to the Chief, with the assistance of the Administrative Officer has supervision over the Accounts, Statistics, Correspondence, and Mail and Files Sections.

The Accounts Section does the bookkeeping for the Division and keeps account of the expenditures and funds appropriated.

The Statistics Section makes statistical computations on numbers of cases pending, and closed by the end of the month and other figures on types of crimes, successful prosecutions, etc.

The Correspondence Section answers mail for the Division.

The Mail and File Section distributes and files incoming mail.

The recruitment of personnel for Washington and

the field is centered in Washington. The Personnel Officer processes the papers, requests lists of eligibles from the Civil Service Commission, selects the most eligible candidate and forwards them to the Chief's Office for final approval and acts as general liaison officer between the Civil Service Commission, the departmental personnel office and the Chief of the Secret Service".¹¹⁹

At the time of the above organizational outline, the Division was comprised of 998 employees, 303 of which were Agents.

Shortly after the conclusion of World War II, Chief Wilson resigned to take the position as Coordinator of the Treasury Enforcement Agencies and was succeeded as Chief on January 2, 1947 by James J. Maloney. Chief Maloney had been appointed to the Secret Service in 1931 and had been Assistant Chief since 1943.¹²⁰

The austerity programs that were initiated by President Truman caused a severe reduction in appropriations which required that Chief Maloney dismiss 63 Agents, 22 clerks, and 29 White House Police Officers.¹²¹ (See Appendix D for a complete listing of Service appropriations and position strength from 1940 to the estimated amount and strength of 1984.)

It was during Chief Maloney's short two year term as Chief of the Division that Agents were sent to Europe, for the first time to investigate the counterfeiting of United States currency. The Service opened an office in Paris, France, and it remains open as the only Secret Service Office in Europe.

On November 9, 1948, Chief Maloney again succeeded

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Chief Wilson, this time as Chief Coordinator of Treasury Law Enforcement Agencies. U. E. Baughman, supervising Agent of the New York District became Chief of the Secret Service.

Chief Baughman was responsible for the first major reorganization of the Secret Service, one that was concerned with improving management, efficiency, economy, and attempting to provide more open communications between the field and headquarters.¹²²

As a first step in the reorganization that Chief Baughman felt was necessary he put into place a management committee, one that according to Secret Service historians Bowen and Neal, "...was comprised of his top staff members, to make a continuing review of Service activities, to evaluate suggestions from the field, and to act as his advisors in administering the affairs of the organization".¹²³ This committee continued to function throughout Chief Baughman's tenure as Chief.

The major administrative changes in the reorganization centered around the issuance of a Secret Service Manual, an 800 page instruction book which covered every aspect of the responsibilities of an Agent of the Secret Service. The Manual contained a copy of every form that was in use at the time and was divided into over 300 main topics. Each Agent and most administrative personnel were assigned their own copy.

The Manual arrived in the field offices on July 1, 1950, at which time other aspects of the reorganization were also put into place. Each office became an independent office, no more sub-districts; and each office was placed under the supervision of a Special Agent In Charge (SAIC). The organizational titles of field Agents, GS-9 and above, became "Special Agents"; and, "Agents" if below



the rating of GS-9. Chief Baughman created the position of Inspector, and initially four Inspectors were assigned to the Chief's Office. The Inspectors were to conduct regular audits of the field offices and report their findings directly to the Chief. The final major administrative change that was instituted on July 1, 1950 was that Special Agents In Charge would rate the employees under their supervision for their efficiency. The method of rating was provided by the Chief.¹²⁴

Exactly five months after the issuance of the reorganization plan another of the infamous events in the history of the Service occurred. On November 1, 1950 two Puerto Rican Nationalists unsuccessfully attempted to shoot their way into the Blair House - the temporary home of President Truman located across the street on Pennsylvania Avenue from the Old Executive Office Building in Washington, D.C. They did not reach President Truman; however, White House Police Officer Leslie Coffelt was shot and killed.

This episode brought to the attention of the media that the Secret Service was not yet a permanent organization of the Federal Government. Finally, on the 86th. birthday of the Secret Service, July 5, 1951, the bill was signed and the Secret Service became "legal".¹²⁵

In this same legislation, Public Law 82-79, not only was protection of the President and his immediate family provided for, but also protection of the Vice President at his request.

In the early 1940's the Treasury Department had begun the "Treasury Agent's" course for new Agents, a basic school of instruction for all newly hired Treasury Agents. Chief Baughman felt the Secret Service, because of its varied duties, required further formal training. He instituted the "Secret Service School" to be given as a formal step in training after at least one year on the

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job as an Agent. The faculty of this school were experienced senior Agents who taught courses in both investigative and protective areas. This was the forerunner of the eight week Secret Service School which all Agents now attend at the James J. Rowley Training Academy in Beltsville, Maryland.

Secret Service records, both formal and informal, indicate that during 1953, Chief Baughman initiated the first regular, bi-weekly staff meetings. Topics for these meetings covered all aspects of the Service: administration, finance, personnel, Presidential protection, new counterfeit issues, Treasury Guard matters, and investigations. The attendees at these staff meetings were usually the Chief, Assistant Chief, The Executive Aide, Inspectors, Budget Officer, Senior Instructors, Special Agent In Charge of the Washington Field Office, Special Agent In Charge of the White House Detail, and Special Agent In Charge of Protective Research.¹²⁶

In 1957 Chief Baughman created a second Assistant Chief position. This Assistant Chief was responsible for the Security Division. This Division contained the protective activities of the Service: the White House Police, the Treasury Guard Force, and the Protective Research Section. The Deputy Chief was in charge of the Investigations Division: the counterfeit and forgery sections in Headquarters, and the 54 field offices. During this reorganization the Chief also established an Administrative Officer who was to be responsible for the performance of the financial, personnel, and training programs of the Service. The final position he created at this time was that of Chief Inspector. The Inspection Division was to provide the inspection and audit activities that were necessary.¹²⁷

On September 1, 1961, James J. Rowley, became the

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fourteenth man to be sworn in as Chief of the Secret Service. He was also the last; for during the reorganization of the Service in 1965 the title of Chief was replaced by that of Director.

In the first year of his tenure as Chief he saw Public Law 87-829 passed by Congress. This law eliminated the requirement that the Vice President must ask for protection, it would now be automatic. In addition this law authorized protection by the Secret Service for the Vice President-elect, former Presidents, and finally Officers next in order of succession to the Office of the President in there is not a Vice President.

On November 22, 1963, with the assassination of President John F. Kennedy, the last section of Public Law 87-829 was first used, and very shortly after that date the operations and procedures of the Secret Service began to be examined and questioned with a level of intensity that has never been equaled.

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Section 4
History
1963-1983

Immediately following the assassination of President Kennedy in Dallas, Texas, President Lydon Johnson established the President's Commission of the Assassination of President Kennedy (The Warren Commission). This Committee was comprised of the following men:

Chief Justice Earl Warren, Chairman
Senator Richard Russell
Senator John S. Cooper
Representative Hale Boggs
Representative Gerald R. Ford
Mr. Allen W. Dulles
Mr. John J. McCloy.¹²⁸

On August 27, 1964, the Secret Service submitted a plan to the Secretary of the Treasury concerning the expansion of the protection of the President and Vice President and how this expansion would effect the entire operation of the United States Secret Service.¹²⁹ Shortly thereafter, September 24, 1964, the Warren Commission submitted its report which contained certain recommendations concerning the operation of the Secret Service. After receiving both of these documents, the Secretary of the Treasury called for a study of the Service's organization and management. This was to insure that should all recommendations be incorporated, to include expansion, the administration would be sound and efficient. A summary of these administrative recommendations follows:

The present type of field organization should be continued. New criteria for continuing review of the number, location, and type of field

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offices should be applied in an effort to reduce the number of districts.

The Headquarters organization should be reorganized and streamlined. The positions of Assistant Director - Protection, Assistant Director - Investigations, Assistant Director - Administration, and one Information Officer should be added. In addition, as subordinate levels, a Chief - Division of Management and Organization, and a Chief - Systems Section, should be added. The administrative area of operations should be greatly strengthened. An increase of thirty-one (31) positions is proposed for the Headquarters.

Positions which are primarily administrative in nature should be classified as such and plans made for staffing them with professional administrators.

Greater emphasis should be placed upon experience and training in selecting persons for the White House Detail.

The Service should continue to improve its grade structure by establishing higher grades where warranted.

Training should be strengthened: refresher training for Agents at least once every three or four years should be initiated; Agents should be encouraged to keep physically fit and tested periodically to assure compliance.

Greater attention should be given to the Incentive Awards Program.

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Inspections should be made on an annual basis.

The work of Inspectors should be limited to inspection and internal audit duties.

Adequate staff should be provided for the additional inspection work involved in evaluating the planning and conduct of Presidential movements.

The development of specific criteria for referring information on possible threats to the Secret Service, should be completed at the earliest possible date.

A study should be made of problems involved in court cases.

Regular conferences should be held for Special Agents In Charge to discuss new developments and to get their views on policy matters.

The Chief and other Headquarters officials should visit field offices from time to time in order to stay close to field problems.

Special analysis and attention should be focused on the manner in which manpower is distributed among districts; manpower is drawn for Presidential protection and advance party work; and policies are adopted for closing cases prior to their solution.¹³⁰

As a result of these recommendations, the reorganization was effected. Treasury Order No. 173-3, dated October 29, 1965, set up the basic framework of the Secret Service as it is known today. The following organizational elements were



established:

Director

Assistant to the Director - Inspection and Audit

Assistant to the Director - Information and Liaison
Counsel

Assistant Director - Investigations

Assistant Director - Protective Intelligence

Assistant Director - Protective Forces

Assistant Director - Administration.

Soon after becoming Director Rowley, his organization received several increases in protective responsibility in rather rapid succession: Congress passed legislation making the assassination of a President of the United States a Federal crime and created protection for the widow and minor children of a former President; on September 15, 1965 this was extended to protect a former President and his wife during his lifetime, and to protect minor children of a former President.

In October of 1968 legislation was passed which further defined the regulations concerning the protection for the widow of a former President until her death or remarriage and protection of minor children until they reach their 16th. birthday.

The second assassination of a member of the Kennedy Family, that of Senator Robert F. Kennedy, in Los Angeles, California, during June of 1968, caused legislation to be passed which provided Secret Service protection for major Presidential and Vice Presidential candidates and nominees. (This particular assignment has become a major resource drain for the Secret Service every election year, in both the manpower and fiscal areas. There are two factors which cause this tremendous drain, the unusual length of Presidential campaigns and the liberal criteria utilized in determining who is a "major" candidate. The committee

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which makes this determination is subject to political pressure; and therefore, the majority of candidates are classified as "major" candidates causing the Service to create several protection details.)

During January of 1971 the Service was authorized to protect the Head of State or Head of Government of foreign countries that visit the United States. This responsibility has led to the protection of over 250 foreign visitors to this country on an annual basis.

Director Rowley and his staff soon realized the need for efficient and well documented intelligence information concerning threats against the lives of the various protectees of the Service. (As did the Warren Commission. Several of its recommendations had centered on this issue.) By 1968, Director Rowley had created the Intelligence Division, the Technical Development Division, the Data Systems Division and the Liaison Division, all reporting to the Assistant Director for Protective Intelligence.

During this time of reorganization and tremendous increase in the protective responsibilities of the United States Secret Service, the investigative functions of the Service also continued to increase not only in the number of cases but in jurisdiction. One example of increased jurisdiction was the decision by Congress in 1964 that food stamps were obligations of the United States and that the counterfeiting of the food stamps would be investigated by the Secret Service. In the area of investigations from 1963 to 1973 the number of check cases increased 63% from 40,165 to 63,927 and the number of bond investigations increased from 6,005 to 14,359 or 139%.

The main investigative responsibility and the reason for the creation of the Secret Service, the counterfeiting of currency, was also on the increase during Director Rowley's



tenure. In 1963 the Service seized 2,845,823 millions in counterfeit currency and made 662 arrests, by 1973 this total had risen to 21,942,350 and 1,557 arrests. The total number of arrests for all violations had increased from 4,207 in 1963 to 6,977 in 1973.

Director Rowley retired during September of 1973 after having led the United States Secret Service through one of its "darkest" moments and after having been the directing force behind its most complete reorganization.

On November 7, 1973, H. Stuart Knight, was sworn in as the 15th. Director (Chief) of the United States Secret Service. He was promoted to Director from the position of Assistant Director of Administration, and had been largely responsible for the organization and growth of the Office of Administration that had been called for by the reorganization of 1965. The Office of Administration had begun with the Administration and Finance Division, Personnel Division, Training Division, Management and Organization Division, and Communications Division. (The Training Division became its own Division in May of 1972 and the Communications Division was transferred to the Office of Assistant Director for Protective Intelligence in February of 1968.)

By November of 1973 the Office of Administration was comprised of 116 employees who worked in one of four Divisions. These Divisions were divided into eleven branches. (See Appendix E for copy of the Office of Administration organizational chart, dated July 1982.)

Director Knight was concerned with the efficient and effective performance of the organization he headed. It was his opinion that if the administrative or support programs of the Secret Service were well managed then the operational responsibilities would also perform at a high

level. This attitude is documented in a memorandum that then Assistant Director Knight wrote during January of 1973 concerning a management review and improvement study of all Divisions,...the study would include, but not be limited to: work flow, task assignment, organizational structure, span of control, audit trail of documents, supervisor/subordinate ratios, effectiveness, efficiency, productivity measurements, high quality of product and performance, cost reduction, dissemination of information, and establishment of meaningful goals.¹³¹

The United States Secret Service was very fortunate that Director Knight was concerned with an efficient, effective and responsible organization, for the Service had grown from 822 personnel in 1963 to 2,861 full time positions in 1973 and from a 1963 appropriation of \$7,691,000 to a 1973 total of \$64,400,000; it is obvious that the "old" Secret Service was gone and a "new" organization had been "born".

The Director was also quick to note that the one resource that would create this "new" efficient and effective Service were the employees, and especially those operational employees. Due to the added protective responsibilities that had been given to the Secret Service during the preceeding ten years, the Agent manpower of the Service was being extended almost to the limit. Within his first year as Director he formed a Manpower Utilization Study in an attempt to determine if the men and women of the Secret Service were being used in the most expeditious manner. This study and a subsequent one in 1975 made several recommendations that were approved by the Director. These eliminated inefficient and unnecessary use of Agent personnel. (It is interesting to note that one member of that four person team that conducted the study was Inspector John R. Simpson, the present Director of the United States Secret Service.)

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During October of 1976, Director Knight formed the initial study team that was to look into the computerizing of the master index file system of the Secret Service. This study was the basis for the much expanded system that will be operational in all Secret Service field offices by 1985.

It was also during 1976 that he instructed the Assistant Director of the Office of Inspection to conduct a study into a possible realignment of Assistant Director responsibilities. No major changes were instituted as a result of this study, but it was another example of the cornerstone of Directors Knight's administration -- he was not afraid of "change".

During Director Knight's entire tenure as Director, he was constantly attempting through legislation and/or "memorandum of understanding" to expand the investigative jurisdiction of the Secret Service. This was especially true in the ever increasing field of fraud by computer. Unfortunately all of these efforts were unsuccessful, but not for lack of effort.

Just as unsuccessful as Director Knight was in obtaining new criminal jurisdiction, he was very successful in the utilization of new management techniques within the Service. In the area of personal communications and to a lesser extent with long range planning this was evident. Director Knight instituted regular written communications through memorandum and newsletters to all employees of the Service from himself and his staff. He frequently travelled to various field offices where he would hold three meetings: one with all Agent supervisors, a second with all non-supervisors, and a third with the entire administrative staff. The Director would accept and attempt to answer any and all questions.

Director Knight was very concerned with the health of the employees, both physical and mental. He had outside experts conduct a study of stress on the Agents in an attempt to determine what could be done to lessen some of the pressures on the Agents. Director Knight then instituted many of the recommendations stemming from this study: single hotel rooms for agents assigned to protective details, equitable overtime pay allowances, an increase in benefits related to transfer from one duty station to another, an "assignment" track for newly hired Agents, and a more professional annual physical for Agent personnel were just a few of the benefits that came to employees of the Service as a result of action taken by Director Knight and his staff.

In 1976, Director Knight had the Classification and Employee Relations Branch reorganized and renamed the Employee Relations Branch in an effort to make the Branch more responsive to the needs of the employees. It was at this time that the Service began programs to aid those employees involved with alcohol, drugs, financial, and marital problems.

Participative Management would be the best description of the management policy that Director Knight used during his eight year tenure as Director of the United States Secret Service. The Assistant Directors and the Assistants to the Director were the final decision makers on policies concerning their functional areas of responsibility; however, because of the intertwining of the responsibilities between Assistant Directors, the Director instructed that the involved meet together and arrive at an agreed upon policy. He carried this theme of participative management to the Agent level when he had special task forces instituted to study certain policies. These task forces were comprised of Senior Special Agents, administrative experts, and a member of the Executive Staff. Some issues



that were given this type of study were manpower utilization and the use of female Special Agents. One important aspect of Participative Management can be characterized as a willingness to compromise, not to be parochial in all matters. If this attitude of compromise is not prevalent this type of management will not be successful. Unfortunately for the Secret Service and for Director Knight, his staff was not always able to work toward the solution that would best serve the entire Service. On more than one occasion an Assistant Director of a minority of the staff would be in a position to see to it that only the best interests of his Division would be served and that action might often result in being to the overall detriment of the entire Service. Director Knight was aware of these instances; however, he was unable to successfully deal with the strong personalities of his staff. He conducted group sessions and "retreats" for the staff; however, soon after returning to Headquarters, their individual interests would override the total interests of the United States Secret Service.

Director Knight in 1976 created the Planning and Evaluation Branch within the Financial Management Division of the Office of Administration. The name of the Branch was changed to the Program Analysis Branch (PAB) during April of 1981. The Planning and Evaluation Branch was ineffectual and little used from its inception. It would appear there are two reasons for this: The first was that by being placed under the Financial Management Division, which is responsible for the budget presentation, the Branch automatically predicated all policy analysis, planning, and evaluation on the budget -- this should not have been. The second reason for its failure, and perhaps the major reason, was again the inability of Director Knight's staff to compromise their interests for the overall "good" of the Service. There was a great deal of mistrust if one Division's Branch (for instance, Planning and

Evaluation) attempted to become involved with the activities of any of the operational Divisions.

Director Knight retired from the Secret Service during November of 1981. At the time of his retirement the morale of the entire United States Secret Service was at a low level; this is not to say that the safety of the President or other protectees was in jeopardy or that counterfeiters were not being pursued and arrested, but Headquarters was not performing efficiently or effectively and this was having a detrimental effect on the entire organization. It was very unfortunate that Director Knight left at this time. The tremendous gains that the Service had made while he was Director, the benefits for employees, modern management techniques, an expanded training program, a very high efficiency rating with the public and Congress, were forgotten.

This was the type of atmosphere that awaited John R. Simpson after he was sworn in as Director of the United States Secret Service on December 2, 1981. The manner in which Director Simpson, a career Secret Service Agent, set about to rectify this situation will be discussed in the last section of this essay.

Section
Organization

Director Simpson's management team is comprised of the Deputy Director; Assistant Directors for Investigations, Protective Operations, Protective Research, Inspection, and Administration; Assistants to the Director for Public Affairs, and Training; a Legal Council; and the Executive Assistant to the Director. Each of these managers are responsible for the programs under their various Divisions. The ultimate allocations of budget and manpower resources rest with the Deputy Director after consultation with the Director.

The fiscal year, 1983, appropriation was for \$240,462,000, with 4,001 permanent positions; this personnel number includes 959 for the Uniformed Division (Formerly White House Police Force) and 61 for the Treasury Security Force.

The United States Secret Service is basically divided into three sections: Headquarters, protection, and the field. These divisions are evident because of their distinct areas of responsibility; however, the areas of protection responsibilities and field responsibilities can be examined and discussed within the confines of an examination of the responsibilities of Headquarters. This is because though there are distinct areas of responsibility in the Service there is also a meshing or intertwining of effort to see that these responsibilities are taken care of. The supervision and direction of this effort, as well as some of the effort itself, comes from Headquarters. Secret Service Headquarters, located in

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Washington, D.C., contains most all the support personnel for the operational forces of the Secret Service. (Appendix F shows the organizational chart for the Secret Service and it may be seen that there are five Assistant Directors and two Assistants to the Director who are directly responsible to the Director through the Deputy Director.)

The Office of Administration employs 235 persons assigned to four Divisions: Administrative Operations, Management and Organization, Personnel, and Financial Management. An understanding of its function can be seen in the following sections on Personnel and Budget.

The Office of Inspection, as another Division that reports directly to the Director, is responsible for conducting office audits (field, protection, and administrative) and investigating accusations of ill-advised and/or illegal activity of all Secret Service personnel.

The Office of Training is also located in the Washington, D.C. area and is involved with all aspects of the training of Secret Service employees. All new Agent personnel, attend the Basic Agent School which is administered by the Treasury Department. A portion of the staff of that School are Secret Service Agents. At the conclusion of this general training, the new Secret Service Agent attends a program for seven weeks at the United States Secret Service Academy in Beltsville, Maryland. It is at this time that the specific jurisdictions and responsibilities of the Secret Service are taught to the new employee. The Office of Training also conducts extensive and very professional in-service training courses for all Agents at various levels of experience and assignment.

All matters of national interest concerning the Secret Service which are of interest to the media are

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issued and controlled by the Office of Public Affairs in Washington, D.C. This Office also controls all publications concerning the activities of the Secret Service and is a clearing house for all inquiries concerning the performance of the United States Secret Service.

A rather unique aspect of the Secret Service organizational structure is the Office of Protective Research and the various Divisions under the control of its Assistant Director. These Divisions are as follows: Protective Intelligence, Technical Security, Liaison, Technical Development and Planning, and Data Systems. There are two situations which make the Office of Protective Research unique: 1) There is a great diversity in the responsibilities of the Divisions under the Office's span of control and 2) Even though the employees are directly supervised by this Office, they perform their duties for the most part for other Assistant Directors, ie: Investigations and Protective Operations.

The Office of Investigations and the Office of Protective Operations are the two operational Offices which are responsible for carrying out the responsibilities of the Secret Service: detection of counterfeit currency and apprehending of those who counterfeit, along with various other investigations; and the protection of the several protectees of the Service.

The Assistant Director of Investigations' staff in Headquarters consists of a Deputy Assistant Director, Special Agent In Charge, three Assistant Special Agents In Charge, and four administrative personnel.

The Office of Investigations also has four Divisions located in Headquarters: Counterfeit, Special Investigations and Security, Fraud and Forgery, and the Forensic Services. (See Appendix G for organizational charts of these Divisions.)

The United States Secret Service presently has 63 field offices which are located throughout the United States, Puerto Rico, and Paris, France. (See Appendix H for a complete listing of the field offices.)

The Office of Investigations is the one Office that is involved with both of the major functions of the Secret Service, protection and investigation. It goes without saying that all of the investigations conducted by the Secret Service are conducted by Agent personnel assigned to this Office; however, the role of the field office personnel may not be as clear in the protective responsibilities of the Service.

As will be seen in the discussion of the Office of Protective Operations, only those Agents permanently assigned to the protectees are under the supervision of that Office. All support Agent requirements, which is about 70% of the number assigned to secure the area around a protectee, are provided by field offices. (In the case of non-permanent protectees, i.e. a visiting Head of State, the entire security package, with the possible exception of the Detail Leader, is provided by the field offices.)

The history of the criminal jurisdictions of the Secret Service have been well traced during the first four sections of this essay. At the present time, the Secret Service, the Justice Department, and various private banking and financial institutions are finishing the writing of proposed legislation concerning instituting Federal laws relating to the counterfeiting and fraudulent use of credit cards. It appears that a majority of the jurisdiction involved with these crimes will be assigned to the United States Secret Service. These types of investigations fit very nicely into the experience of United States Secret Service Agents who at the present time are involved with counterfeit currency cases, Federal check

forgery and Savings Bond investigations, and the electronic transfer of funds fraud cases.

The Office of the Protective Operations Assistant Director is assisted by a Deputy Assistant Director, two Special Agents In Charge, three Assistant Special Agents In Charge, and three administrative personnel. At the present time there are eleven Divisions directly under this Office: Presidential Protection, Vice Presidential Protection, Dignitary Protection, Western Protective, Ford Protective, Nixon Protective, Carter Protective, Johnson Protective, Candidate/Nominee Protective, Special Services, and the Uniformed Division. (The number of Divisions under the supervision of this Office will vary according to the number of former Presidents and the number and location of the members of the First Family, ie: the Western Protective Division is responsible for four members of the present First Family.)

The beginning of the various protective responsibilities of the Secret Service have been noted in the first four sections of this essay. The methods and procedures utilized by the Secret Service in fulfilling these responsibilities are classified; however, it can be stated that the resources, both manpower and financial, that are required in the 1980's have expanded tremendously since the few men assigned to the first White House Detail in the early 1900's.

It is appropriate at this time to state that no Chief or Director of the United States Secret Service has ever been able to guarantee the absolute safety of the President of the United States or any of the protectees of the Secret Service. Perhaps the Warren Commission stated the reasons for this best in the following excerpts from their report:

"The protection of the President of the United States is an immensely difficult

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and complex task. It is unlikely that measures can be devised to eliminate entirely the multitude of diverse dangers that may arise, particularly when the President is travelling in this country or abroad. The protective task is further complicated by the reluctance of Presidents to take security precautions which might interfere with the performance of their duties, or their desire to have frequent and easy access to the people.

...the President must go to the people. Exposure of the President to public view is a great and historic tradition of American life. Desired by both the President and the public, it is an indispensable means of communications between the two.

Under our system, measures must be sought to afford security without impeding the President's performance of his many functions. The protection of the President must be through but inconspicuous to avoid even the suggestion of a garrison state. The rights of private individuals must not be infringed.

The degree of security that can be afforded the President of the United States is dependent to a considerable extent upon the degree of contact with the general public desired by the President. Absolute security is neither practical nor possible".¹³²

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Section 6 Personnel

The United States Secret Service is bound by the Office of Personnel Management's rules and regulations concerning the hiring, pay structure, benefits, and rights of its employees. All individuals interested in the position of Special Agent must first qualify to take and then pass the Treasury Law Enforcement exam, which is administered by OPM. Since 1962 all Agents recruited have been college graduates. These new Agents are hired at either a GS-5 or GS-7 pay level, depending on college grade point average and/or work experience. The Agents progress, more or less automatically, up to the level of GS-12, at which time further promotions are competitive.

The Secret Service employs various types of specialists in the Office of Administration and the operational Divisions: budget analysts, voucher examiners, data system specialists, communication specialists, mechanics, polygraph operators, explosive ordinance experts, examiners of questioned documents, ninhydrin specialists, counterfeit examiners, and contraband clerks are to name just a few. Over 1,000 of the 4,001 permanent positions that the Secret Service was appropriated in 1983 are not Agents, Uniformed Division Officers, or Treasury Security Force employees.

The personnel of the United States Secret Service is very dedicated to its work, which can be clearly seen by the total of uncompensated overtime hours that was required in fiscal year 1982: a total of 110,000 hours. The average GS pay level for the Service is 9.96. It would appear that the American Public is getting more than it

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is paying for as concerns the men and women of the Secret Service.

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Section 7

Budget

As was mentioned earlier in this essay the United States Secret Service is a part of the Treasury Department working under the direct supervision of the Assistant Secretary for Tariffs and Law Enforcement. Therefore the Secret Service budget is a portion of the Department's budget, which is, of course, a part of the President's budget package. The Department of the Treasury is presently utilizing the "Management by Objective" (MBO) format in order to determine what will and will not be included in the overall Department budget.

This MBO process is titled "Priority Enforcement and Operations Objectives". This format is divided into six sections: 1) Major Legislation Being Developed Internally Or Being Considered By The Congress, 2) Key Regulations Or Rulings, 3) Major Reports Or Studies, 4) Significant External Events, Conferences, Conventions, Or Meetings, 5) New Policy Initiatives, Progress On Those Being Implemented, and 6) Staffing And Funding Or Reorganization Changes.¹³³ The Secret Service indicates, in the proper section, its priority needs and the justification for such needs. This document then serves as the base for that particular fiscal year's appropriation request.

In this present time of severe budget restrictions at the Federal level, the Secret Service, as well as other Government agencies, is forced to spend a great amount of time and energy on the budget. The genesis of the budget for the Secret Service begins in each operational or administrative branch, which submits its request with

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justification to its Assistant Director or Assistant to the Director. The Assistant Director or Assistant to the Director and their respective staff then prioritize the items in relationship to their importance in the overall program and to the goals as set by that Assistant Director. At this juncture in the budget process, there is little reduction of funds requested; there is an ordering or prioritizing. It should be mentioned at this point that even at this early stage in the budget process, the operational divisions are not functioning on their own. A professional from the Budget Branch of the Financial Management Division is assigned to work with each Assistant Director in order to answer technical questions concerning the rationale of funding certain programs.

The third step is performed by the Budget Branch. The data supplied by the Director's Staff is transformed into the first draft of the Secret Service budget for the fiscal year in question. This document is then presented to the Director's Staff and the items that can be controlled, new functions or expanded functions, are discussed and again ordered as to priority. The budget package is then forwarded to the Department of the Treasury. After this Department's examination, several conferences are held, and the Secret Service request is pared down and becomes a portion of the Treasury Department's budget.

The next step involves the Secret Service, the Department of the Treasury, and the Office of Management and Budget (OMB). The procedure is much the same as it was at the previous levels: The Secret Service and the Treasury Department are now working as a team defending the request. OMB is questioning and ultimately reduces the budget request, and then forwards the request for funding to Congress; the Secret Service budget request has now become a portion of the Administration's (President's) budget request.

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Hearings are held with the appropriation committees of both the House of Representatives and the Senate. A compromise on the amount is reached, and that total is approved and is entered into the overall funding legislation.

A bill is written, approved by Congress, and then forwarded to the President for his approval. This is presented as being all very straight forward and simple. Of course, it is far from that; parochial interests enter at all levels. The Secret Service has no control over its own destiny as far as the end result of this process is concerned. If the President signs the legislation, the appropriation is available. If the legislation is vetoed, as has been the case in the recent past, the Secret Service and the rest of the Federal Government operates on a Continuing Resolution. A major disadvantage of this type of resolution is that it does not allow for new programs or even the enlarging of old ones; this can lead to stagnation of thought and results, which further leads to ineffective and unresponsive bureaucracy.

The United States Secret Service budget request to the Treasury Department for fiscal year 1984 is \$290,860,000 and 4,100 permanent positions. A far cry from \$5,000 and 25 full and part time employees of 1865.

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Section 8
Present And Future Direction Of
The United States Secret Service

Director Simpson was the Assistant Director of Protective Operations during the last two years of Director Knight's tenure. In that position he was very well aware of the manpower problems and the problems stemming from "morale" issues. He immediately began a process to eliminate both of these concerns. He submitted an extensive document to the Treasury Department which outlined the need for an additional 350 Agents over a three year time span and began to shape his Executive Staff into a group of men that were able to place the overall requirements of the Secret Service ahead of any personal Division needs.

Director Simpson's style emphasizes collective, cabinet-style decision making. He delegates substantial authority to his Assistant Directors and allows them a great deal of discretion in their areas of responsibility. However, because of the overlapping responsibility of Investigations, Protective Operations, and Protective Research, these three Assistant Directors must be able to compromise and reach certain coalitions if the Service is to be successful.

Director Simpson has initiated informal bi-weekly meetings with his Assistant Directors and Assistants to the Director. This enables all areas of the Secret Service to be aware of current happenings on a Service wide basis. The Director has emphasized the need for his staff to meet often to further the communications both in Headquarters and outside Washington, D.C.

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Formal staff meetings, with the attendees numbering about 30, meet at least once a month. During these meetings policy changes or new areas of interest are discussed; and, if appropriate, votes are taken approving or disapproving a new policy or the changing of an old policy.

Director Simpson has also begun "issues group" meetings. The issues group is comprised of the Assistant Directors, Assistants to the Director, Executive Assistant to the Director, Legal Council, and the Deputy Director. These meetings are held about every eight weeks. They take place away from the Headquarters building and last for the entire day. The topics of these meetings are usually not immediate problems, but situations that may occur in the future. A result of one of the first such meetings was the creation of the Executive Assistant to the Director, a position whose major purpose is future assesment and planning.

The responsibility of "future assesment and planning" is most important for the United States Secret Service. Director Simpson realized that the Service had existed for too long as an Agency which reacted, and reacted very well, to crises situations; but did not look beyond the immediate. The failure to plan was evident in the constant need for supplemental appropriations on a yearly basis, and, more importantly, was obvious in the treatment of resources, especially human. From 1977 to 1981 the Service lost 280 Agent and Uniformed Division positions, even though protective responsibilities have continued to increase. There are perhaps several reasons for this. One important reason seemed to be a lack of strong direction from Secret Service Headquarters in arguing against these cutbacks. It is felt by Director Simpson that an Agent, given the responsibility for future assessment and planning will be in a position to see what is going to happen and alert those members of the Executive Staff who are



consumed with daily problems and/or crises.

In the 18 months that he has been Director, Director Simpson has been successful in convincing the Department of the Treasury and Congress of the Secret Service need for Agents, and over 100 have been hired. The approval has been obtained to hire an additional 150 Agents and support personnel during 1983 and 1984.

Director Simpson has been able to convince the Personnel Division of the Treasury Department of the unique qualifications of Secret Service Agents, and has, therefore, been able to promote many Agents to the GS-13 level. He has also been granted permission to alter the promotion policy so that all personnel eligible for promotion are able to "bid" for positions in which they are interested. These two successes have obviously improved Agent morale a great deal.

Director Simpson is well aware of the importance of the need for the administrative and operational personnel of the Secret Service to understand the requirements that each faces in correctly performing their assigned tasks. In an attempt to aid this understanding, he created three staff positions for Agent personnel in the Office of Administration. One of these is on the Assistant Director's immediate staff, and one each in a supervisory capacity in the Personnel Division and the Financial Management Division. These Agents should be able to bridge the gap between the administrative requirements and the needs of the Agent personnel.

Since becoming Director in 1981, Director Simpson has been very involved with making certain that his Assistant Directors are utilizing the Policy Analysis Branch (PAB) of the Financial Management Division. It has become very necessary, in this time of limited budgets,

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that each Division be sure that all assignments are being performed well; and if not, why not.' The PAB is equipped to work with all Assistant Directors as they attempt to analyze, plan, and evaluate their own programs. In fiscal year 1985 the United States Secret Service will be asking for an appropriation in the amount of \$327,693,000. It is important that the executives have an understanding of the management techniques of analysis, planning, and evaluation if they are going to guarantee the public that this amount of money is being utilized in the best possible manner.

In order to insure this proper utilization of funds the Secret Service will need to correctly apply three management techniques: Policy, Resource, and Program. Policy management will entail the identification of needs, analysis of options, selection of programs, and allocations of resources on a Service wide basis.

Resource management begins with the establishment of basis administrative support systems, such as budgeting, financial management, procurement, and supply. (These systems are presently in place; their performance in the past has been less than acceptable, however certain changes that have recently been made will improve that situation.)

Finally, Program management, which is the implementation of policy or daily operation of carrying out policy along functional lines, is required to insure that the Secret Service human resources, Agents, do not "burn out".¹³⁴

Director Simpson, in an attempt to better manage the resources of the Secret Service, has ordered the re-writing of the Secret Service Manual so that it will be of increased value to the Agent and administrative personnel. (This project will be completed during September of 1983.)

In a further attempt to reduce the amount of administrative paper work required of the field Agents of the Secret Service, a fully computerized record management system and criminal record center will be completed and in each field office by 1985.

A new classification program for field administrative personnel was initiated by Director Simpson during 1983 in an attempt to increase the responsibilities of Office Managers and thereby increase their pay scales. This system not only achieved that purpose but has made the field offices more efficient by handling some of their own procurement and budgeting.

During 1983, Director Simpson requested two reports be produced that were concerned with future program management and planning within the United States Secret Service. This continued interest in the programming, planning, and evaluating of Secret Service policies and procedures by Director Simpson and his staff should increase the productivity and responsiveness of the Service.

The Secret Service was created to suppress the counterfeiting of U. S. currency, the major Federal crime of that era, and with time was given the added responsibility of protecting the lives of the most powerful men on this Earth. I believe that the men and women of the United States Secret Service have carried out their responsibilities in an exemplary manner. There has been an occasional stumble, and some dark moments, but also an 118 year history of justifiably proud accomplishment.

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APPENDIX A

Circular from the Solicitor of the Treasury to District Attorneys, Marshals, and Clerks of Courts of the United States.

Sir: Congress having appropriated a considerable sum of money "for the purpose of meeting any expenses in detecting and bringing to trial and punishment persons engaged in counterfeiting Treasury notes, bonds, or other securities of the United States, as well as the coin of the United States;" and it being expected that further appropriations of a like nature will be hereafter made, the Secretary of the Treasury has directed that the administration of the fund thus created, and the prosecution of the measures contemplated by Congress shall be committed to this office, and that there be organized therein a Division, under the direction of a competent head, to have the immediate charge of the measures in question, which has accordingly been done.

In order to give to the office, in this regard, the utmost efficiency, I shall be obliged to rely, to a very considerable extent, upon the cordial co-operation of U.S. District Attorneys, and Marshals and Clerks of U.S. District Courts. I have therefore thought it proper to make to them a statement of the plan of operations adopted, and to ask of them such co-operation, and especially the performance of certain special services, which, in my judgement, cannot fail to conduce materially to the success of the general plan.

The mode of operation adopted by the office is twofold: first, by the offer of rewards for services or information tending to the suppression of counterfeiting; and, second, by direct efforts to collect information, and make seizures and arrests, through the instrumentality of persons acting under the direction of the Chief of the Division before referred to.

In order to secure the rewards alluded to, it is not essential that the parties seeking them shall act, to any extent, under the direction of this office. They may proceed with their operations, on their own account, and in their own way, until they shall reach their consummation, when they may present the results to the office, and claim proper rewards, which will be given with fairness and on the most liberal scale.

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But it must be borne in mind that, in such cases, the parties can only look for reward for what they actually accomplish, as the office will not undertake to remunerate them for loss of time or to reimburse any expenses which they may have incurred in unsuccessful efforts.

Neither is it necessary that such parties shall perform any acts whatever beyond the mere communication of information which shall be found to be of value. And no person possessing such information need apprehend that his just claims will be overlooked or disregarded, since books will be kept in the office in which will be entered every item of information received, together with the name of the party by whom it is communicated, and before any reward is awarded a careful examination will be made of the whole case, in order that each person who has contributed to the general result shall receive his proper share of the reward.

But it will, doubtless, sometimes happen that persons possessing information of counterfeiting operations, will desire to participate in the execution of the measures adopted for their suppression, reasonably supposing that, in such case, the reward they will receive in case of success will be greater than if they remained passive, and also, perhaps, supposing that, from their peculiar position, as being in the confidence of the offenders, or for other cause, they can be of especial service in the prosecution of actual operations. And there can be no doubt that circumstances will often exist which will render it not only proper but desirable that such participation shall be permitted, and in all such cases the desire of the parties will be gratified. But they will be required to act in entire subordination to the directions of this office, which must be permitted to judge of the propriety of measures of which it assumes the responsibility and expense.

The proper course for a party desiring the co-operation of this office, upon such terms, will be to make to it a full disclosure of all his information and plans, of which a proper registry will be made, as before explained. Perhaps the office will be already possessed of some information touching the same matter. If so, that will collated with what has been thus communicated, and if, with all the facts in the possession of the office, action shall be deemed advisable, it will be at once taken; and if it shall appear that the party making such communication can be employed to advantage, he will be so employed; but, I repeat, this office must be permitted to decide that point. In no

event, however, will the person furnishing such information be allowed to fail of receiving his fair reward for his contribution towards effecting whatever results may be attained.

In all such cases as those to which I have just alluded the office will assume all the expense; and, although it is not its policy to place any large sums of money at the disposal of other than its immediate subordinates, there will, doubtless, many cases arise in which, for purposes easily conceived, it will be deemed necessary and proper to furnish funds for the carrying out of plans which may be adopted. This will especially be likely to happen where the office is acting in conjunction with Marshals or other local officers, who, I will add, (with the exception of United States Marshals, who, I presume, would not accept pecuniary reward for such services,) will be placed upon the same footing with other persons, if they desire it.

I trust that what has been said is sufficient to show that there is no ground for any jealousy between those connected with this office and the local officers; but, on the contrary, that there is the strongest reason for mutual confidence and co-operation. Such, I hope, will ever be the relations between them.

I come now to a specification of the particular services which I have to request at the hands of District Attorneys, Marshals, and Clerks of the District Courts, some of which, it will be at once perceived, can be more properly asked of one, and others of another, class, of those officers.

First.-I desire to be furnished with all information as soon as it is acquired, and in as specific and detailed a form as practicable: 1st. Of all counterfeit plates; 2nd. Of all engravers of such plates; 3d. Of all issues of counterfeit money, with specimens thereof; 4th. Of all manufactures of counterfeit money; and 5th. Of all parties engaged in circulating such money either by wholesaling it, or by uttering it as genuine.

Second.-I request that I may be furnished, as early as practicable with an account of the trial of every person charged with any offence against the currency, securities, or coin of the United States, including the notes of National Banks, with a statement of all the parties implicated, and every other fact of interest.

Third.-I wish to be informed of any defects which may be observed in the laws relating to counterfeiting United

States currency and securities, or in the practical administration thereof in the several districts.

I am satisfied that, in this way, a mass of information can, in a short time, be accumulated, which will prove of the utmost value, and of material service in aiding the prosecution of the measures to which I have referred, and I trust that I may appeal with confidence to those to whom this circular is addressed for a cheerful compliance with the requests I make. The protection of the national securities and currency against counterfeiting is of vital importance alike to the Government and to the people, and whoever contributes to that end will render an essential service to both.

Very respectfully,

EDWARD JORDAN,
Solicitor of the Treasury.

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APPENDIX B

Resignation Letter of William P. Wood, First Chief of the
Secret Service Division, Treasury Department, Dated 4 May
1869.

Hon. George S. Boutwell
Secretary of the Treasury

Sir:-

I have this day been informed by the Hon. E. C.
Banfield, Solicitor of the Treasury, that you desire
to make an appointment for the office held by myself.

I was appointed to the office without application
or solicitation on my part.

I resigned a position under the Hon. Edwin M. Stanton,
late Secretary of War, to accept the position I have held
in the Solicitor's Office as per request of the then
Secretary of the Treasury.

I have endeavored to perform my duties faithfully,
and refer to the Records of the division as evidence of
the ability with which my trust has been executed.

Being a Republican I disclaim all hereditary right
to continue in office.

Flattering myself that I am sufficient philosopher to
reason that when officials desire a change of their
subordinates, there is no alternative but to comply with
their wishes; hence I tender you my resignation as Chief
of the Secret Service Division of the Solicitor's Office,
to take effect upon notification of its acceptance.

Very respectfully

Wm. P. Wood.

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APPENDIX C

Circular - Branding Counterfeit Money

To Bankers:

Complaints having long been made concerning the indisposition of Bank Officers to brand counterfeit notes coming into their possession in the course of business, and assuming that the failure to do so arises from a lack of knowledge as to the law's requirements, I respectfully submit for your guidance Section 5 of "An Act authorizing the appointment of receivers of National Banks, and for other purposes," approved June 30, 1876:

That all United States officers charged with the receipts or disbursements of public moneys, and all officers of National Banks shall stamp or write in plain letters the word "counterfeit," "altered," or "worthless," upon all fraudulent notes issued in the form of, and intended to circulate as money, which shall be presented at their places of business; and if such officers shall wrongfully stamp any genuine notes of the United States, or of the National Banks, they shall upon presentation, redeem such notes at the face value thereof.

The surest way to prevent a reissue of counterfeit notes is by branding or cutting thereon either of the following words: "counterfeit," "altered," "worthless," "bad."

If by inadvertence, a genuine note should be thus branded or cut, no loss can accrue to the person performing the act, every National Bank being compelled to redeem its issue.

Respectfully yours,

John S. Bell, Chief

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Department of the Treasury
United States Secret Service

COUNTERFEIT NOTE REPORT
SSF 1604 (08/81)

This form is not subject to the requirements of P.L. 96-511 "Paperwork Reduction Act of 1980." 44 USC, Chapter 35, Section 3518 (a)(1)(A) states that, "... this chapter [Chapter 35] does not apply to the collection of information ... during the conduct of a Federal criminal investigation ..."

INSTRUCTIONS TO BANK:

1. Prepare one Counterfeit Note Report for each suspected counterfeit note. (Each report contains 3 copies).
2. Retain part 3 (Pink) for your records; a receipted copy will also be returned to you.
3. Submit part 1 (White) & part 2 (Yellow) to your local Secret Service Office

FROM: Indicate Bank's Name and Mailing Address (Include Zip Code)

DO NOT WRITE IN THIS SPACE

Telephone Number of Bank (area code) _____

Circular Number _____

IMPORTANT NOTICE

Bank tellers and persons surrendering the note should date and initial each counterfeit note with pen and ink in the border areas of the note for identification. If the person surrendering the note knows from whom he/she received it, or has a description of the passer, or his/her auto, or any other information, TELEPHONE the local Secret Service office IMMEDIATELY and hold the note. The telephone number of your local Secret Service office can be found in the front cover of your telephone directory. If no information is available, please mail the note to our local office on the day it is received.

DESCRIPTION OF COUNTERFEIT NOTE OR RAISED NOTE (for raised note give serial number only)

denomination	check letter face plate no.	series	serial number	back plate no.
--------------	-----------------------------	--------	---------------	----------------

COUNTERFEIT NOTE RECEIVED FROM

FROM CUSTOMER	DATE OF DEPOSIT
CUSTOMER'S HOME ADDRESS	CUSTOMER'S HOME PHONE A/C
	CUSTOMER'S BUSINESS PHONE A/C

NAME OF PERSON SURRENDERING AND INITIALING NOTE

NAME OF TELLER RECEIVING AND INITIALING NOTE

INFORMATION ABOUT COUNTERFEIT NOTE

DOES THE CUSTOMER HAVE ANY INFORMATION AS TO THE SOURCE OF THE COUNTERFEIT? ☐ YES ☐ NO

REMARKS:

REMARKS (For Secret Service Use Only)

89

Genuine note and SSF 1604 returned to bank

☐ Other (specify)

SSF 1604 returned to bank

PART 1 - SECRET SERVICE COPY

RIF

APPENDIX D

United States Secret Service Appropriation and Position Strength 1940-1984

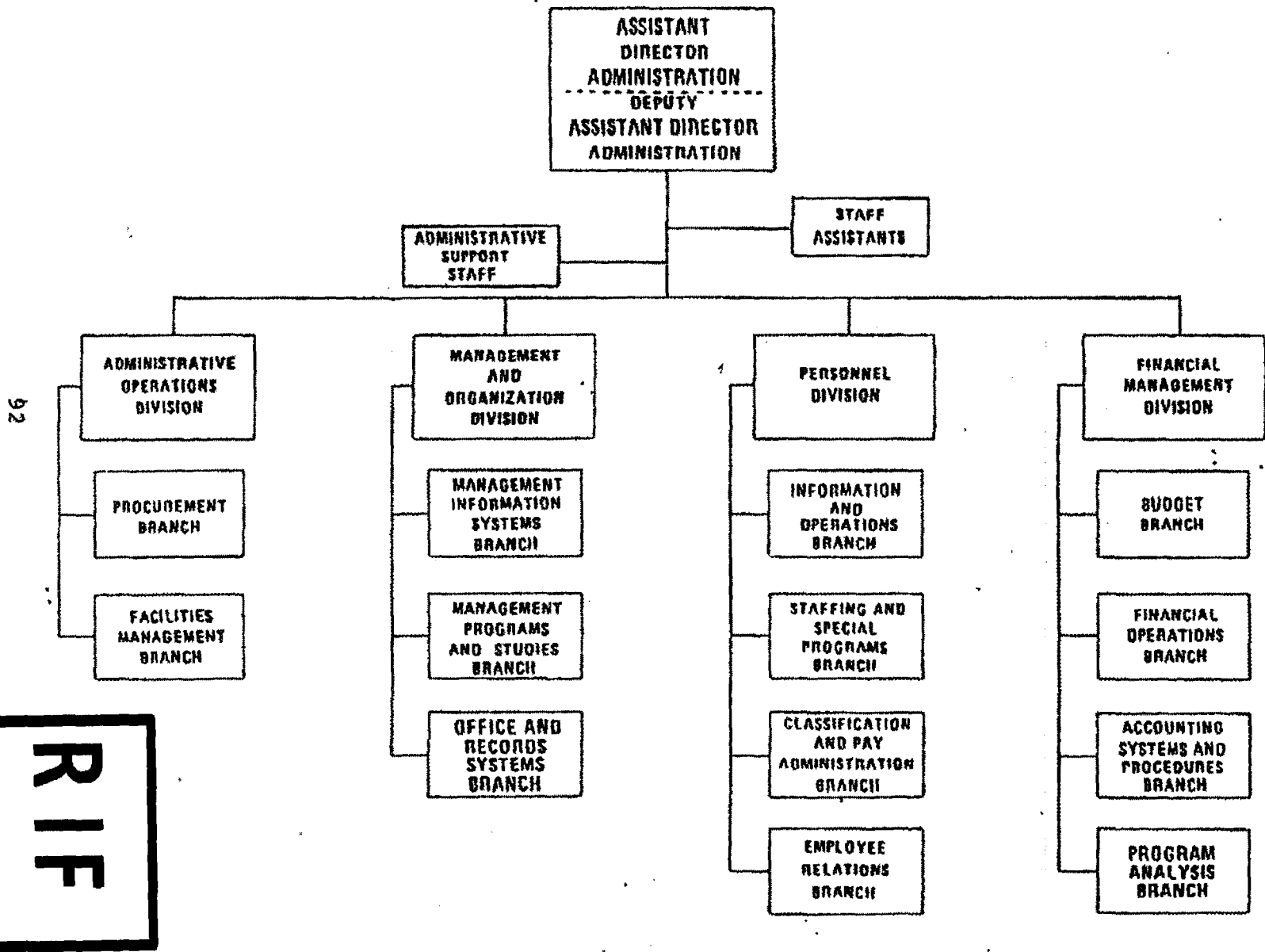
<u>Fiscal Year</u>	<u>Positions</u>	<u>Appropriation</u>
1940	353	\$1,111,610
1941	350	\$1,159,495
1942	510	\$1,631,018
1943	853	\$2,551,303
1944	908	\$2,646,123
1945	915	\$2,675,090
1946	957	\$3,071,900
1947	975	\$3,365,400
1948	792	\$2,744,900
1949	761	\$2,927,500
1950	743	\$3,079,500
1951	888	\$3,499,941
1952	884	\$3,774,000
1953	744	\$3,888,000
1954	609	\$3,605,000
1955	676	\$3,707,200
1956	676	\$4,281,000
1957	660	\$4,484,000
1958	659	\$4,770,000
1959	659	\$5,041,900
1960	714	\$5,859,000
1961	710	\$6,098,000
1962	730	\$6,306,000
1963	822	\$7,691,000
1964	870	\$8,930,000
1965	973	\$10,605,000
1966	1,232	\$14,405,000
1967	1,232	\$15,631,000
1968	1,293	\$17,600,000
1969	1,489	\$22,708,000
1970	2,252	\$32,811,000
1971	2,501	\$45,200,000
1972	2,861	\$57,500,000
1973	2,861	\$64,400,000
1974	3,058	\$70,025,000
1975	3,112	\$82,800,000
1976	3,667	\$113,950,000
1977	3,667	\$116,030,000
1978	3,667	\$133,890,000

<u>Fiscal Year</u>	<u>Positions</u>	<u>Appropriation</u>
1979	3,667	\$137,328,000
1980	3,588	\$170,325,000
1981	3,664	\$175,010,000
1982	3,729	\$194,077,000
1983	4,001	\$240,462,000
1984*	4,100	\$270,860,000

* OMB has approved, as of June 25, 1983, the President as yet to approve the fiscal year 1984 Budget.



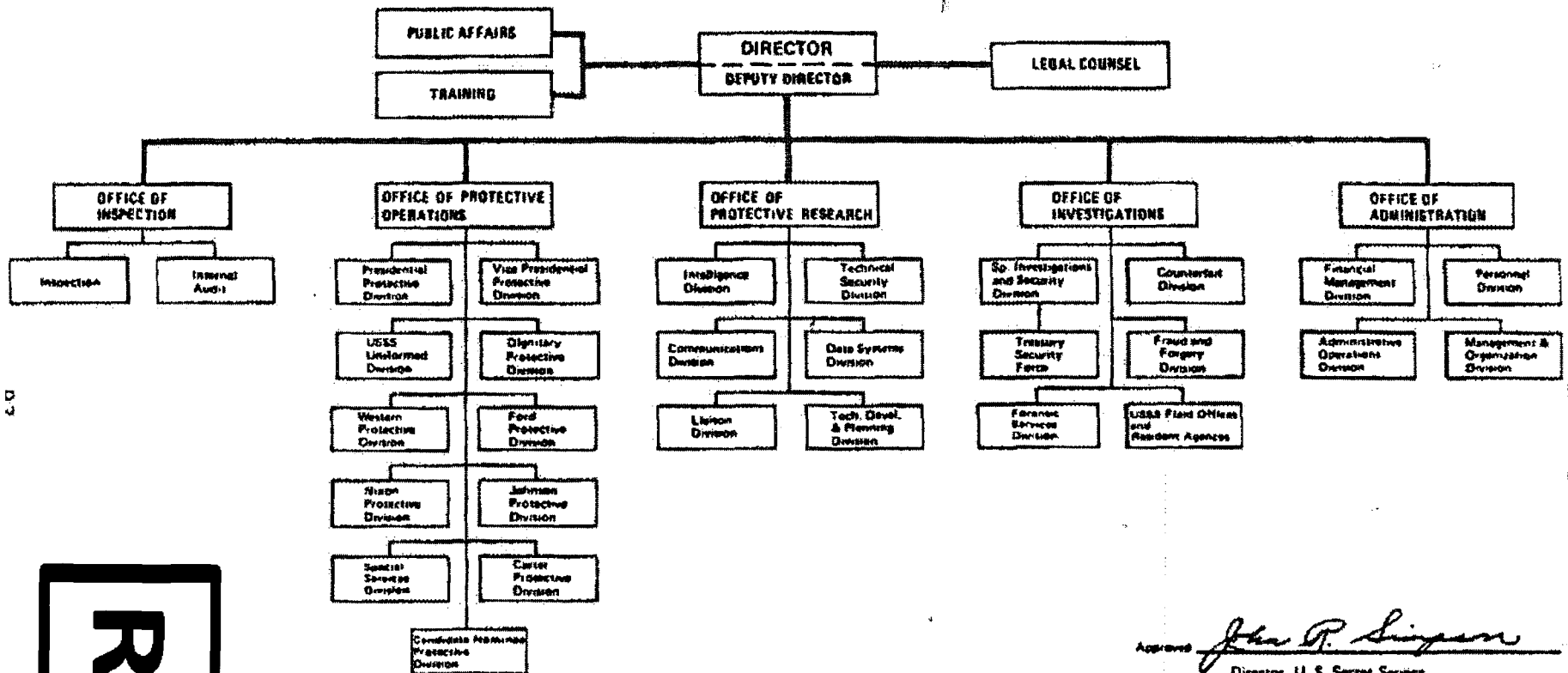
OFFICE OF ADMINISTRATION ORGANIZATION CHART



APPENDIX E

R I F

UNITED STATES SECRET SERVICE ORGANIZATION CHART

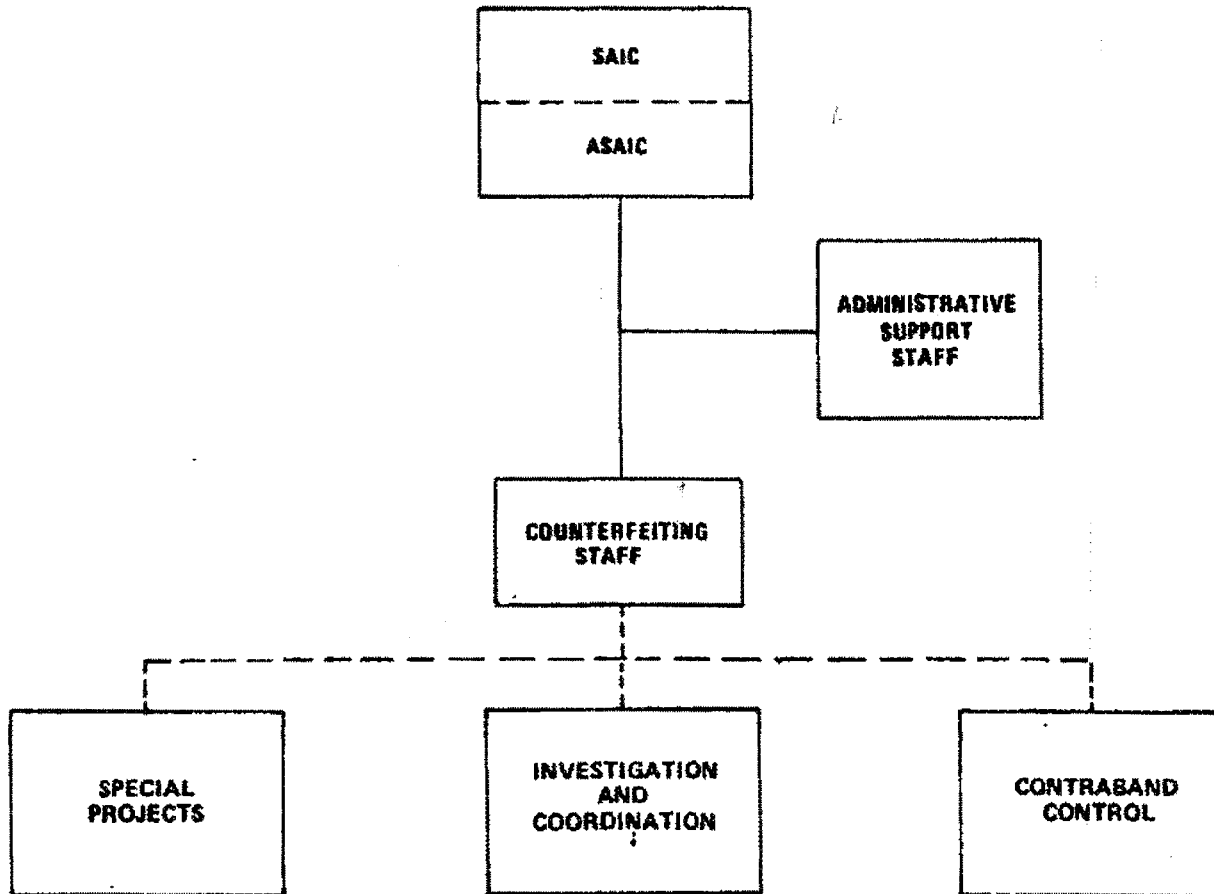


APPENDIX F

Approved *John P. Simpson*
Director, U. S. Secret Service
May 25, 1983

R
I
E

COUNTERFEIT DIVISION ORGANIZATION CHART



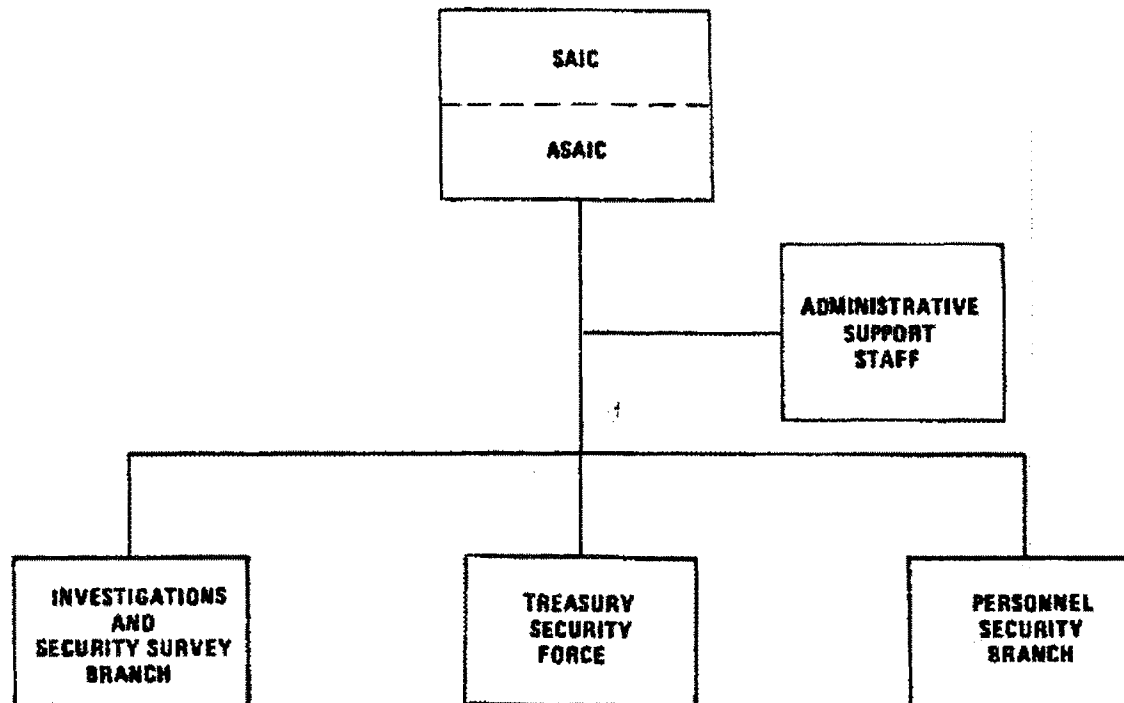
APPENDIX G

APPROVED: Joseph Carlon
ACTING ASSISTANT DIRECTOR-INVESTIGATIONS
MAY 1982

**R
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Special Investigations and Security Division

Organization Chart



95

R I F

Office Number: 163
Office Abbreviation: SIS

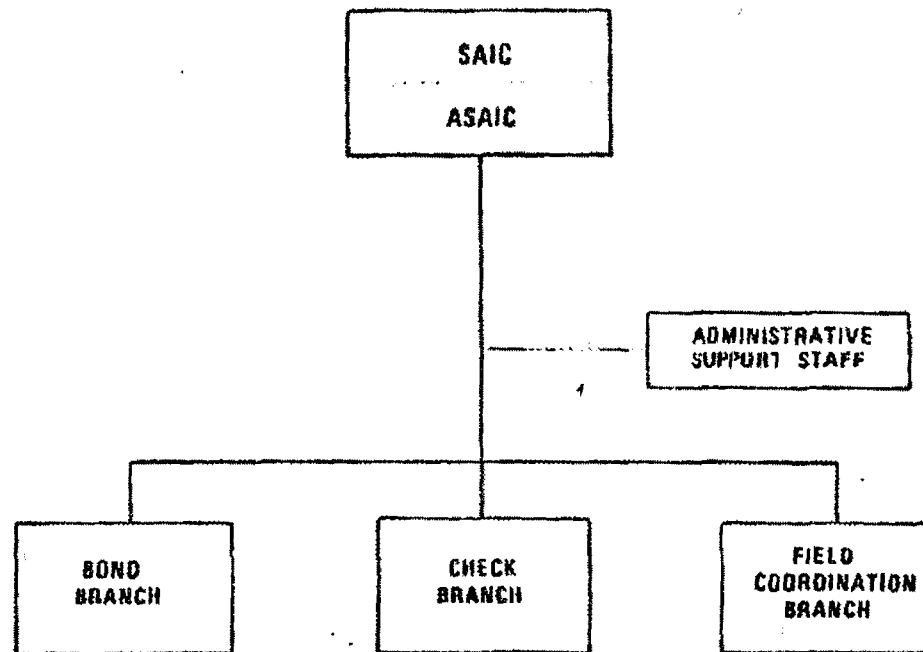
APPROVED:

Joseph Conlon

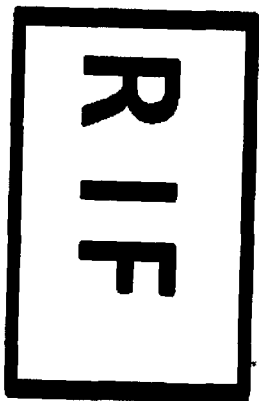
ACTING ASSISTANT DIRECTOR-INVESTIGATIONS

MAY 1983

**FRAUD AND FORGERY DIVISION
ORGANIZATION CHART**



96

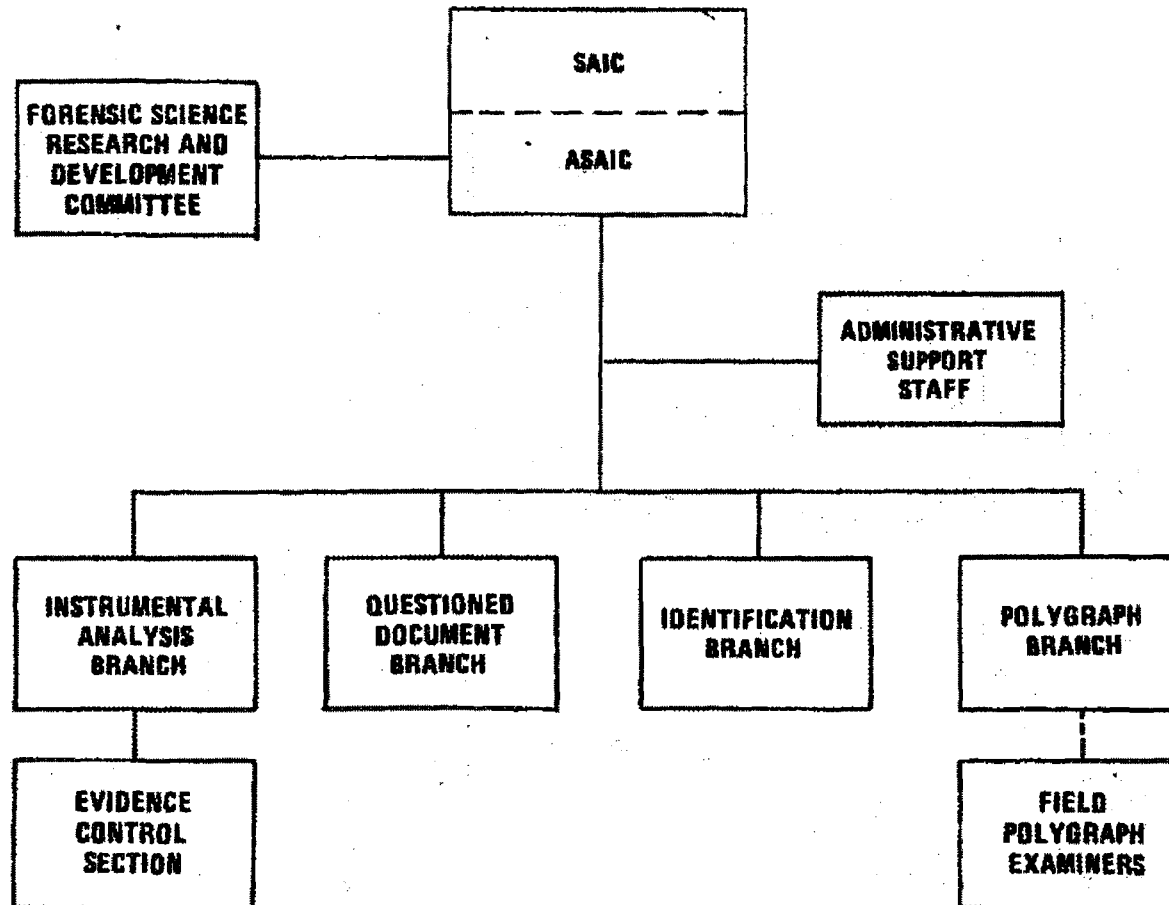


Office Number: 162
Office Abbreviation: FOR

APPROVED:

[Signature]
Assistant Director-Investigations
November, 1992

Forensic Services Division Organization Chart



87

RIF

Office Number: 175
Office Abbreviation: FSD

APPROVED: Joseph Carbon
ACTING ASSISTANT DIRECTOR-INVESTIGATIONS
MAY 1983

APPENDIX H

United States Secret Service Field Office Locations-1983

Albuquerque, New Mexico	Minneapolis, Minnesota
Atlanta, Georgia	Mobile, Alabama
Austin, Texas	Nashville, Tennessee
Baltimore, Maryland	Newark, New Jersey
Birmingham, Alabama	New Haven, Connecticut
Boston, Massachusetts	New Orleans, Louisiana
Buffalo, New York	New York, New York
Charleston, West Virginia	Norfolk, Virginia
Charlotte, North Carolina	Oklahoma City, Oklahoma
Chicago, Illinois	Omaha, Nebraska
Cincinnati, Ohio	Philadelphia, Pennsylvania
Cleveland, Ohio	Phoenix, Arizona
Columbia, South Carolina	Pittsburg, Pennsylvania
Columbus, Ohio	Portland, Oregon
Dallas, Texas	Providence, Rhode Island
Denver, Colorado	Richmond, Virginia
Detroit, Michigan	Sacramento, California
El Paso, Texas	St. Louis, Missouri
Grand Rapids, Michigan	Salt Lake City, Utah
Honolulu, Hawaii	San Antonio, Texas
Houston, Texas	San Diego, California
Indianapolis, Indiana	San Francisco, California
Jackson, Mississippi	San Juan, Puerto Rico
Jacksonville, Florida	Scranton, Pennsylvania
Kansas City, Missouri	Seattle, Washington
Little Rock, Arkansas	Spokane, Washington
Los Angeles, California	Springfield, Illinois
Louisville, Kentucky	Syracuse, New York
Memphis, Tennessee	Tampa, Florida
Miami, Florida	Toledo, Ohio
Milwaukee, Wisconsin	Washington, D.C.
	Paris, France

R I F

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⁵ Baker, History, p.289.

⁶ Baker, History, p.293.

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⁸ Service Star, p.1, cols.3-4.

⁹ U. S. Cong., Resolution to Prevent the Counterfeiting of the Coins of the United States, 34th Cong., 3rd sess., 26 February 1857.

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¹¹ U. S. Cong., Appropriation Act for the Naval Service for the Year Ending the Thirtieth of June, Eighteen Hundred and Sixty-One, 36th Cong., 1st sess., 22 June 1860.

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¹⁴ Service Star, p.2, col.2.

- 15 Walter S. Bowen and Harry Edward Neal, The United States Secret Service (Philadelphia: C. Hilton Company, 1960), p.16.
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- 17 Bowen and Neal, p.19.
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- 22 Bowen and Neal, p.47.
- 23 Bowen and Neal, p.47.
- 24 U. S. Treasury Department, Circular of Instructions to Operatives, Secret Service Division (Washington, D.C.: GPO, 1873), p.13.
- 25 Circular, 1873, p.19.
- 26 Bowen and Neal, p.196.
- 27 Service Star, p.2, col.4.
- 28 U. S. Cong., Act to Establish the Department of Justice, 41st Cong., 2nd sess., 22 June 1870.
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- 32 U. S. Cong., Sundry Civil Appropriation Acts, 41st Cong., 2nd sess., 15 July 1870; 41st Cong., 3rd sess., 3 March 1871; 42nd Cong., 2nd sess., 10 June 1872; 42nd Cong., 3rd sess., 3 March 1873; HTO.
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³⁹ Service Star, p.3, col.2.

⁴⁰ U. S. Treasury Department, General Orders No. 4, Secret Service Division (Washington, D.C.: GPO, 1876), pp.1-7.

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⁴⁴ John Sherman, Letter to Solicitor of the Treasury, 23 November 1878, HTO.

⁴⁵ William Lawrence, Decisions of the First Comptroller, 4 August 1880, HTO.

⁴⁶ U. S. Cong., Legislative, Executive and Judicial Appropriations Act, 47th Cong., 1st sess., 5 August 1882, HTO.

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⁴⁸ Bowen and Neal, p.152.

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⁵⁰ C. S. Fairchild, Letter to James J. Brooks, 12 August 1886, HTO.

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⁵⁵ Burnham, p.27.

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⁵⁷ U. S. Cong., Sundry Civil Expenses, 50th Cong., 1st sess., 2 October 1888; 50th Cong., 2nd sess., 2 March 1889; HTO.

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⁵⁹ U. S. Cong., An Act to Further Prevent Counterfeiting, 51st Cong., 2nd sess., 10 February 1891, HTO.

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⁶¹ Andrew L. Drummond, Letter to the Secretary of the Treasury, 20 December 1892, HTO.

⁶² Andrew L. Drummond, Letter to the Secretary of the Treasury, 21 November 1892, HTO.

⁶³ U. S. Cong., Sundry Civil Expenses, 51st Cong., 1st sess., 30 August 1890; 51st. Cong., 2nd sess., 3 March 1891; 52nd Cong., 1st sess., 5 August 1892; 52nd Cong., 2nd sess., 3 March 1893; HTO.

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⁶⁷ U. S. Cong., Appropriations for Sundry Civil Expenses, 53rd Cong., 2nd sess., 18 August 1894; 53rd Cong., 3rd sess., 1895; 54th Cong., 1st sess., 11 June 1896; HTO.

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- ⁷⁰ Service Star, p.5, col.1.
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- ⁷⁸ Excerpts, pp.17-18.
- ⁷⁹ U. S. Cong., Appropriation for Legislative, Executive, and Judicial Expenses of the Government, 64th Cong., 2nd sess., 3 March 1917, HTO.
- ⁸⁰ Excerpts, p.18.
- ⁸¹ Excerpts, p.19.
- ⁸² U. S. Cong., Appropriations for Legislative, Executive, and Judicial Expenses for the Government, 61st Cong., 3rd sess., 4 March 1911; 62nd Cong., 2nd sess., 24 August 1912; 62nd Cong., 3rd sess., 4 March 1913; 63rd Cong., 2nd sess., 16 July 1914; HTO.
- ⁸³ Excerpts, pp.21-22.
- ⁸⁴ U. S. Secret Service, Annual Report for Fiscal Year Ended June 30, 1912 (Washington, D.C.: GPO, 1912), p.6.
- ⁸⁵ U. S. Secret Service, Annual Report for Fiscal Year Ended June 30, 1916 (Washington, D.C.: GPO, 1916), p.7.
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- ⁹¹ Excerpts, p.21.
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- ⁹⁸ Excerpts, p.22
- ⁹⁹ U. S. Cong., Appropriations for Treasury and Post Office,
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- ¹⁰² Bowen and Neal, p.172.
- ¹⁰³ Excerpts, p.24.
- ¹⁰⁴ Bowen and Neal, pp.170-173.
- ¹⁰⁵ U. S. Cong., Appropriation for Treasury and Post Office,
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- 108 Excerpts, p.25.
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- 122 Excerpts, pp.28-30.
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