

The Billion Dollar Spy¹

Reviewed by Lieutenant Commander Jeffery C. Barnum*

“Isn’t that dangerous?” the officer asked. Tolkachev laughed. “Everything is dangerous,” he said.²

I. Introduction

Clandestine meetings. Miniature cameras. Secret ink. Aston Martins. Long the stuff of fiction.³ David Hoffman’s *The Billion Dollar Spy* reveals that fiction is, in fact, based upon reality (except, perhaps, the ready availability of Aston Martins). Hoffman is an experienced and decorated writer,⁴ and brings his experience and craft to bear on the story of Alfred Tolkachev, a Soviet scientist and one of the most valuable American spies during the Cold War. Tolkachev passed secrets of Soviet military development (or the lack thereof) to spymasters in the United States, saving years of research and development work.⁵ In doing so, he enabled the United States to preserve (and press) its technological advantages.⁶

At first read, Hoffman’s work tells the story of Tolkachev, his recruitment, production, and betrayal. However, a closer examination reveals that each of these areas of development offers lessons in identifying, mitigating, and managing risk—a universal topic. Tolkachev’s recruitment teaches about the costs of risk-averse behavior from an organizational perspective. The details about his production as a spy instruct about personal risk and the difference between control and influence. Finally, the description of Tolkachev’s betrayal reminds that the smallest of actions can still produce disastrous results, and that risk mitigation must include assessing the magnitude of potential harm.

II. Recruitment: The Costs of Risk Aversion

Although Tolkachev was very motivated to spy for the United States, it took over a year for Tolkachev to begin producing intelligence product.⁷ Why was it so difficult to recruit such a valuable and prolific agent? There are certain

intrinsic difficulties, but those difficulties were amplified by a risk averse mindset at the Central Intelligence Agency (CIA).

To begin with, becoming a spy is not easy. One does not fill out an online application on USAJOBS to start spying for the United States. Indeed, every contact with the foreign power brings the risk of discovery by counterintelligence agents. This is especially true for Soviet citizens offering to spy on the Motherland: The Soviet counterintelligence arm of the Komitet Gosudarstvennoy Bezopasnosti (KGB) were tenacious and pervasive, making any approach a hazardous endeavor.⁸

On the flip side, recruiting a spy in the Soviet Union is also precarious. The recruit could be a “dangle” by the KGB, which could, in the best case scenario, merely expose a CIA officer’s identity and have them expelled from the Soviet Union.⁹ A “dangle” could also serve as a channel for misinformation, misdirecting intelligence and military operations away from productive enterprises, providing the KGB insight as to the gaps in the CIA’s knowledge, and sapping CIA officers’ morale.¹⁰ This potential threat was magnified by the CIA’s counterintelligence chief, James Angleton, whose skepticism cast doubt on nearly every proposed agent inside the Soviet Union.¹¹

Tolkachev’s recruitment not only had to overcome these inherent barriers, but also the CIA’s risk aversion to operating in Moscow, based in part on recent events at CIA’s Moscow station. In the years preceding Tolkachev’s approaches, the CIA offices in the American embassy caught fire (permitting KGB agents posing as firefighters to physically penetrate Moscow station),¹² and, on two separate occasions, the KGB

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¹ DAVID E. HOFFMAN, *THE BILLION DOLLAR SPY* (2016).

² HOFFMAN, *supra* note 1, at 234.

³ See, e.g., IAN FLEMING, *THUNDERBALL* (1961).

⁴ Hoffman is a contributing editor at *The Washington Post* having previously served as the *Post*’s Moscow Bureau Chief between 1995 and 2001. David Hoffman, *The Author*, DAVIDEHOFFMAN.COM, <http://www.davidehoffman.com/the-author/> (last visited Dec. 20, 2016). He also won a Pulitzer Prize for his last book, *The Dead Hand: The Untold Story of the Cold War Arms Race and Its Dangerous Legacy*. *The 2010 Pulitzer Prize Winner in General Nonfiction*, PULITZER.ORG <http://www.pulitzer.org/winners/david-e-hoffman> (last visited Dec. 20, 2016).

⁵ HOFFMAN, *supra* note 1, at 135 (“Time saved on research and development of U.S. countermeasures to these systems has been reduced by minimum of 18 months, for one system as much as five years.”).

⁶ See, e.g., *id.* at 104 (“This vulnerability [to cruise missiles] was one of the

most important subjects in Tolkachev’s reporting.”).

⁷ *Id.* at 77 (“Nearly a year and a half had already gone by since Tolkachev’s first approach at the gas station, and they still did not have a working relationship with him.”).

⁸ *Id.* at 7–9.

⁹ See, e.g., *id.* at 43–44 (detailing the arrest and expulsion of a CIA case officer).

¹⁰ Etienne Huygens, *Return to the Motherland: A Study on Redefection and Reemigration to Soviet Bloc Countries*, in *Federal Government’s Handling of Soviet and Communist Bloc Defectors: Hearings Before the S. Permanent Subcomm. on Investigations of the Comm. on Governmental Affairs*, 100th Cong. 550 (1987).

¹¹ HOFFMAN, *supra* note 1, at 20 (“Thanks to the excessive zeal of Angleton . . . during this period [the CIA] had very few Soviet agents inside the USSR worthy of the name.”).

¹² *Id.* at 52–53.

arrested American spies (and expelled their case officers).¹³ These breaches of security and operational failures caused CIA Director Admiral Stansfield Turner to question the operational security of the CIA's Soviet operations, leading to a complete operational halt until "the [Soviet] division could *guarantee* there would be no further compromises."¹⁴ Certainly, no such guarantee is possible in intelligence operations (or in litigation for that matter).

Turner's "all stop" order exemplified not only a schism between headquarters and a field unit,¹⁵ but also a clash between generations. "A younger generation of CIA case officers . . . wanted to lead the agency out of lethargy and timidity."¹⁶ As the upstarts pushed the operational envelope, developing new techniques to meet the Eastern Bloc surveillance threat, they were greeted with skepticism.¹⁷

Whatever its source, the operational stand-down had both immediate and long-term consequences. Because "[e]very move of the Moscow station was coordinated with headquarters,"¹⁸ intelligence assets withered on the vine.¹⁹ Tolkachev himself approached the Americans on five separate occasions in 1977 without any appreciable response from the CIA. It took an external actor (the Department of Defense) to move the CIA outside its comfort zone by asking for information about Soviet aircraft electronics—Tolkachev's area of expertise. Once prodded by the Pentagon, CIA headquarters authorized contact.²⁰

The costs of risk aversion are apparent in Tolkachev's recruitment, albeit magnified by hindsight. For over a year, America's most valuable intelligence resource sat idle, a significant loss of production and opportunity. As judge advocates, we often advise on the legal risks of a particular course of action. Our advice must be informed by not only the potential costs of failure but also the benefits of success, as well as the prospect of either possibility. In this assessment, it is important to examine the source of the risk aversion and objectively weigh its significance. While recruiting Tolkachev was not without its risks, the CIA's risk-averse approach cost the United States dearly. However, once Tolkachev began producing, the CIA's risk-averse approach collided with

Tolkachev's own desires to produce as much actionable intelligence as possible.

III. Production: Risk Management, Spans of Control, and Spheres of Influence

Once he began spying for the United States, Tolkachev quickly became one of the country's most productive intelligence assets.²¹ However, unlike other spies, Tolkachev specifically requested that he pass his "take" personally to his case officer, paradoxically eschewing dead drops (where messages are left hidden for later collection) as too risky.²² Personal meetings offered a greater opportunity to gauge Tolkachev's psychological strain, but also required elaborate ruses (called surveillance detection runs (SDR)) to elude the KGB. Hoffman not only offers detailed descriptions of case officers' SDRs but he also delves into the backgrounds of the various officers who met with Tolkachev. While these descriptions are useful in aiding the reader to understand the tension involved with operating against the KGB in Moscow, the similarities between the meetings caused some *déjà vu*.

However, the detailed approach is far better than glossing over the details of each meeting as it helps reinforce the volume of information Tolkachev gathered.²³

Once Tolkachev's production commenced in earnest, risk management of another sort commenced, specifically to maximize Tolkachev's production while minimizing his risk of detection. To do so CIA case officers and headquarters analysts (now usually working together) had to ascertain Tolkachev's motivations and ensure their demands for information didn't expose Tolkachev.

The CIA had to figure out *why* Tolkachev was taking such a big risk. Figuring out Tolkachev's motivation would not only provide an insight as to the quality of the intelligence, but also illuminate what would be the best reward.²⁴ In their first face-to-face meeting, Tolkachev's handler vainly

¹³ *Id.* at 42–45, 53.

¹⁴ *Id.* at 54.

¹⁵ This tale of differences of opinion between a superior and subordinate command is familiar to most military officers. What officer has not railed (in the privacy of their own quarters, of course) "[w]hat the hell is wrong with headquarters? . . . They have lost their mind!" *Id.* at 27.

¹⁶ *Id.* at 20.

¹⁷ *Id.* at 27 ("I submitted a proposal for what I thought was a valuable tradecraft tool . . . I got a response from the front office of the division, 'Risky. Dangerous. Won't work.'" (quotations omitted)).

¹⁸ *Id.* at 39.

¹⁹ *Id.* at 55.

²⁰ *Id.* at 63.

²¹ *Id.* at 195. When CIA Director Turner was briefing then President-elect

Reagan days before his inauguration he described the Tolkachev operation as "the jewel of all jewels," more valuable than Navy submarines tapping underwater Soviet communications cables. *Id.*

²² *Id.* at 93

²³ The level of detail bespeaks Hoffman's depth of research and quality of his source material. Hoffman relied on 944 pages of declassified information (including cables between Moscow station and CIA headquarters), several interviews with CIA officers stationed in Moscow during the Tolkachev era, and at least one "confidential source close to the family." *Id.* at 335–73. Some of the source documents are reproduced in the book. *Id.* at xiv–xv (map), Photographs of Tolkachev, CIA Officers & others, *in id.* following p. 142. Others are available on Hoffman's website. *Documents*, DAVIDEHOFFMAN.COM, <http://www.davidehoffman.com/documents/> (last visited Dec. 20, 2016).

²⁴ HOFFMAN, *supra* note 1, at 98–99 (noting that while "money may not be the only motivation," other extrinsic rewards, such as a commendation, may be "psychologically effective" to motivate Tolkachev (quotations omitted)).

pressed him as to his motive.²⁵ Although Tolkachev asked for millions of dollars, he later stated his demand was “not realistic,”²⁶ leaving the CIA to admit that they were “still not certain what motivated [Tolkachev] to seek us out and work for us,”²⁷ even though they had been working together for almost a year. Divining a motive to participate is an exercise familiar to any trial counsel working with a crime victim.²⁸ Is it altruism? Duty? Revenge? Identifying a particular motive can help the trial counsel (like the CIA) prepare for the pending operation.²⁹

As it turns out, Tolkachev began spying with a vengeance—both literally and figuratively.³⁰ Once Tolkachev began stealing secrets for the Americans, his production only increased. For the CIA this was a blessing and a curse: How they could get Tolkachev to “control his risk-taking propensities and at the same time satisfy both his imperative to produce and our desire for his product?”³¹ The CIA mitigated risks when able, meticulously planning each meeting with their source³² and severely restricting dissemination of the raw intelligence product.³³ However, the CIA soon realized that they had limited control or leverage over their spy, and that “Tolkachev was ignoring their plea to be careful,”³⁴ This conundrum is likely familiar to trial counsel in their dealings with crime victims. While most will realize the personal risks to the victim in participating in the prosecution, the trial counsel needs the victim to participate to find success. Although a trial counsel may encourage mitigation of risks (such as being aware of one’s social media presence)³⁵ it’s ultimately up to the victim to put those strategies to use.

Whether it is discerning a motive or encouraging less risky behavior, it is important to differentiate between span of control, sphere of influence, and the external environment.³⁶ A span of control are those items which one has “unilateral change authority.”³⁷ The sphere of influence

includes items over which one can “influence to some degree,” even if unilateral control is impractical or impossible.³⁸ Finally, the external environment includes items over which no influence or control is possible.³⁹ The tale of Tolkachev’s intelligence production helps illustrate these concepts: a CIA case officer may have control over execution of his SDR, but may only be able to influence the spy to perform risk mitigation strategies. And the actions of the KGB fall outside both the span of control and the sphere of influence. For intelligence officers, judge advocates, or anyone else engaging in risk management, understanding the boundaries of each area helps focus energies on viable risk mitigation control or influence strategies.

IV. Betrayal: Risk Identification

As Secretary Rumsfeld noted, there are both known knowns and unknown unknowns, and one should capitalize on the former while mitigating the latter.⁴⁰ Tolkachev’s betrayal illustrates both.

Every espionage operation must eventually come to an end. For Tolkachev, the end came one day in June 1985, while returning from his run-down dacha in the countryside.

Tolkachev was apprehended by the KGB and transported to the KGB’s Moscow prison at Lefortovo.⁴¹ Tolkachev was tried by a three-member military tribunal and sentenced to death.⁴² He was executed on September 24, 1986,⁴³ having been betrayed by both a disgruntled employee (the known known) and a Soviet spy whose betrayal was a surprise (the unknown unknown).

Edward Lee Howard was a middling CIA employee (one supervisor described him as a “loser”); even so, he was tapped

²⁵ *Id.* at 84.

²⁶ *Id.* at 119.

²⁷ *Id.* at 115. The CIA was concerned about paying these large sums of money, in part because they had never before paid an agent on that scale, but also because having that amount of money (especially in the Soviet Union) could present its own security risk. *Id.* at 114.

²⁸ Stacy Caplow, *What If There Is No Client: Prosecutors as Counselors of Crime Victims*, 5 CLINICAL L. REV. 1, 46 (1998) (“Motivation in the prosecutorial context can appeal to the altruistic (e.g., ‘Save other people from being hurt by this defendant.’), to the psychological (e.g., ‘You’ll feel better with closure knowing that you saw it through.’), or to the material (e.g., ‘The only way you’ll get restitution is if you co-operate.’).”).

²⁹ See, e.g., MANUAL FOR COURTS MARTIAL, UNITED STATES, MIL. R. EVID. 608(c) (Supp. 2014) (“Bias, prejudice, or any motive to misrepresent may be shown to impeach the witness . . .”).

³⁰ Tolkachev’s mother-in-law was executed in 1937 by the Stalinist regime, though the CIA was uncertain whether revenge was a primary motivator. HOFFMAN, *supra* note 1, at 115, 212.

³¹ *Id.* at 249.

³² *Id.* at 87 (“Running a spy was undertaken with the concentration and attention to detail of a moon shot . . .”).

³³ *Id.* at 102 (describing the variety of methods used to protect Tolkachev’s raw intelligence).

³⁴ *Id.* at 123. See also *id.* at 126–27, 150, 247.

³⁵ *Managing Your Social Media Accounts After Being a Victim of Violent Crime*, CHUCK CLAY & ASSOC. <http://www.chuckclay.com/Blog/2016/June/Managing-Your-Social-Media-Accounts-After-Being-.aspx> (June 14, 2016).

³⁶ H. WILLIAM DETTMER, *THE LOGICAL THINKING PROCESS: A SYSTEMS APPROACH TO COMPLEX PROBLEM SOLVING* 70 (2007).

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *DoD News Briefing - Secretary Rumsfeld and Gen. Myers*, DEP’T OF DEF., <http://archive.defense.gov/Transcripts/Transcript.aspx?TranscriptID=2636> (Feb. 12, 2002).

⁴¹ HOFFMAN, *supra* note 1, at 292.

⁴² *Id.* at 310.

⁴³ *Id.* at 311–12.

for a prestigious Moscow assignment.⁴⁴ In preparing for his Moscow assignment Howard regularly read operational cables from Moscow station, including information about the Tolkachev operation.⁴⁵ Before deploying to Moscow, he failed a routine security re-investigation and, seeing an opportunity to get rid of a “bum,” the CIA fired him.⁴⁶ Howard’s firing unhinged him and he eventually gave classified information to the KGB in a meeting in Vienna in April 1985, mere months before Tolkachev was arrested.⁴⁷

As it happened, though, Howard was not the only source who identified Tolkachev. Aldrich Ames began spying for the Soviets in April 1985, and, although it is not known whether he exposed Tolkachev in his first meeting, Ames turned over mounds of classified data on the day Tolkachev was seized, potentially resolving any doubts as to his guilt.⁴⁸

In retrospect, the decision to fire Howard—an employee with such valuable secrets— seems shortsighted. Once a risk is identified, the magnitude of the potential injury must be carefully examined. Even so, not all risks are known, making the control of those “known knowns” all the more important.

V. Conclusion

Hoffman spins a mesmerizing tale that reads like fiction, but depicts reality in all its tension and tragedy. At first blush the correlation between Cold War intelligence operatives and modern-day judge advocates seems tenuous. Yet both deal with risk—albeit risks of a different sort. Hoffman’s account of the Tolkachev operation illustrates how the CIA addressed and managed risk, and, like any after-action report, provides lessons for those of us who follow.

⁴⁴ *Id.* at 264–65, 268. This may have been the case of Howard being at the right place at the right time—he may have been a ready substitute when another agent became unavailable. *Id.* at 265.

⁴⁵ *Id.* at 266.

⁴⁶ *Id.* at 267–68.

⁴⁷ *Id.* at 264, 285–86. Howard eventually defected to the Soviet Union, dying in Moscow in 2002. *Id.* at 308–09.

⁴⁸ *Id.* at 299. Ames continued spying for many years, and was eventually arrested for espionage in 1994. *Aldrich Ames*, FEDERAL BUREAU OF INVESTIGATION, <https://www.fbi.gov/history/famous-cases/aldrich-ames> (last visited Dec. 20, 2016)