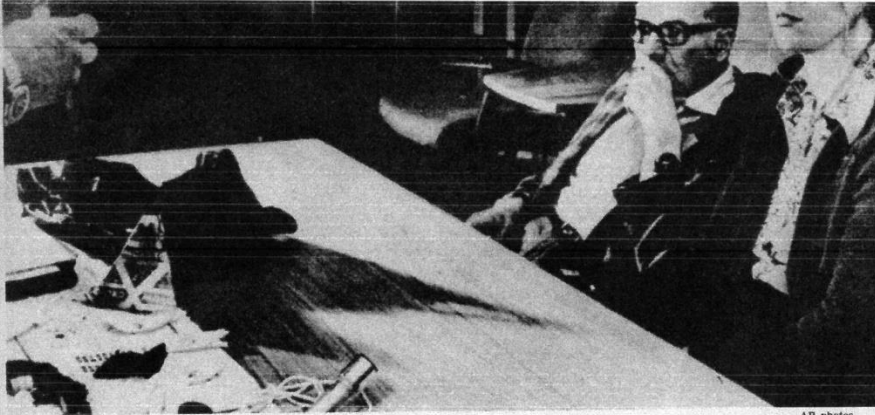


Newsweek®



Newsweek 26 June 1978



Interrogation: The KGB confronts Peterson and the U.S. consul with 'spy materials'

Detente: Damage Control

Francis Jay Crawford, 37, an executive of the International Harvester Co., was driving to a Moscow party with his fiancée, Virginia Olbrish, 32, a secretary at the U.S. Embassy. But when Crawford stopped at a red light, Russian police yanked open the car door and dragged the Alabamian into the street. One officer tried to grab the car keys, and Olbrish fought him off, shouting that she had diplomatic immunity. Olbrish was left behind as Crawford was taken to Lefortovo Prison and charged with currency violations. "Every time I talk about it, I start to cry," said Olbrish, who had planned an August wedding. "I don't understand why they had to be so rough."

Détente's condition last week was best described as "guarded." Negotiations between Washington and Moscow on strategic arms limitations and European force reductions proceeded slowly but steadily, and some U.S. officials thought the Soviet Union had not taken too much offense at Jimmy Carter's tough speech in Annapolis two weeks ago (NEWSWEEK, June 19). But other American policymakers still thought the main job at hand was damage control. Like the Crawford incident, most of last week's developments suggested that this view was closer to the truth.

CLOAK-AND-DAGGER

Pravda, the Soviet party newspaper, issued a temperate but strong critique of Carter's speech. And in seizing Crawford—along with three unnamed Soviet accomplices—the Kremlin seemed to be retaliating for the arrest in the U.S. last month of two Soviet United Nations employees, who were indicted for trying to buy U.S. naval secrets. On the same day Crawford was arrested, the Soviets made a more startling disclosure. They announced that an embassy official, an alleged CIA agent, Martha Peterson, 32,

had been caught last year attempting to pass spy materials and two poison ampuls to another agent. Normally, when a U.S. or Soviet spy is caught, the other side hushes up the affair. But the Peterson case capped a new series of revelations about the cloak-and-dagger activities of the two superpowers (following story).

"You broke the code of spying," a Soviet official complained last week to an American acquaintance. When the two Soviet U.N. employees were caught, the FBI quickly publicized the case, and Attorney General Griffin Bell decided that the U.S. would prosecute the pair rather than just expel them. At a meeting with Secretary of State Cyrus Vance late last month, Soviet Foreign Minister Andrei Gromyko complained about the arrest and warned that "two can play the same game."

The Soviets held Crawford for a day before letting an American consular officer visit and later deliver a food packet and letter from his fiancée. Shocked U.S. businessmen in Moscow expected that the Kremlin would soon pick up a second American to complete its tit for tat. Americans were particularly surprised that the Soviets picked on Crawford, a colorful sort who often wears cowboy boots and a ten-gallon hat. He is an important businessman whose company has sold the Soviets more than \$300 million in equipment. After his arrest, Soviet authorities took an incomplete sales contract from his briefcase, gave it to a U.S. official—and asked that it be signed.

Carter's speech had dared the Kremlin to "choose either confrontation or cooperation" and

tive response yet, Pravda published a 4,500-word article accusing Carter of undermining détente and of using the harshest rhetoric "since the times of the cold war." But Moscow's criticism was restrained. Earlier in the week, the Soviet news agency Tass denounced the "provocative campaign concerning imaginary 'violations of human rights' in the Soviet Union conducted in the West by reactionary peanut politicians." Twenty minutes later, Tass issued an urgent retraction of the word "peanut."

In the meantime, there was perceptible progress in arms talks. It was likely that Vance and Gromyko would meet in Europe next month to continue negotiations on a SALT accord, and Washington officials hinted that the U.S. might come up with some new suggestions. And Moscow surprised the West last week by putting on the table a compromise plan on mutual and balanced force reductions (MBFR) in Central Europe. Hitherto, the Soviets had demanded percentage cuts in East-West force levels, thus leaving the Warsaw Pact with its existing advantage. In its new proposal, Moscow suggested limiting each side to 700,000 ground troops. Even so, that did not break the MBFR logjam. According to Western analysts, Moscow understated the size of Warsaw Pact forces, and thus the size of the cut the Soviet bloc would be required to make.

NO BACKDOWN

Even so, some White House officials predicted that U.S.-Soviet relations would move into a more hopeful phase during the next several weeks. But there was no hint that Moscow and its Cuban allies would back down in Africa or on human rights. In fact, sometime soon—perhaps this week—the Soviets were expected to begin the show trials of two more prominent dissidents, Aleksandr Ginzburg and Vladimir Slepak. "Improving relations is out of the question for the moment," said a high-ranking U.S. diplomat. "Our job now is to limit the damage." Détente was far from wrecked, but the unseemly exchange of spy charges and rhetorical attacks indicated that the damage-control experts had their work cut out for them.

—FAY WILLEY with FRED COLEMAN in Moscow and SCOTT SULLIVAN in Washington

Crawford: Arrested



'We Still Need Spies'

In a supposedly sophisticated era of electronic snooping, the affair did seem somehow dated. There on page 5 of *Izvestia* last week was a photograph of an attractive young American woman named Martha Peterson undergoing interrogation at a KGB office in Moscow. Arrayed on a table before her were the contents of a classic cloak-and-dagger spy kit: a minicamera, tiny microphones, a supply of rubles, gold—and two ampoules of poison. Soviet secret police had allegedly caught Peterson red-handed in an

lowed-out stone containing the poison and the other items—in a niche. When the police closed in, the paper said, Peterson warned off her unidentified contact by shouting, "I am a foreigner!" Peterson was arrested and interrogated, but because she had diplomatic immunity, she was permitted to leave Moscow on the first available plane. And until *Izvestia* broke the story last week, the bizarre incident was hushed up.

In the early days of the cold war, when he headed the CIA, the late Allen Dulles

easy matter. Because the Soviet Union is such a rigidly policed society, recruiting Russians as spies—a task in which Martha Peterson may have been involved—is extremely difficult. U.S. intelligence operatives make a practice, therefore, of befriending Soviet bloc representatives who are often privy to the inner workings of the Kremlin and sometimes harbor anti-Soviet grievances. It was a Communist correspondent stationed in Moscow, for instance, who provided the first details about Leonid Brezhnev's escape from an assassination attempt just inside the Kremlin walls in 1969.

Technology is also part of the spy scene in Moscow. The roof of the U.S. Embassy bristles with sensitive antennas—so sensitive, in fact, that on one occasion embassy listening devices supposedly picked up snatches of a conversation inside a Kremlin limousine in which Brezhnev and former Soviet President Nikolai Podgorny discussed the merits of a masseuse named Olga. That story may well be apocryphal, but when a fire broke out in the upper floors of the embassy last summer, Soviet firemen went out of their way to destroy as much of the antenna network as they could lay their axes to.

TINFOIL ON THE WALLS

U.S. diplomats in Moscow routinely assume that all embassy offices with the exception of "safe" rooms—usually windowless chambers that appear to be wallpapered with tinfoil—are bugged. In 1964, approximately 40 eavesdropping microphones were uncovered at the embassy and some officials believe as many as 200 more simply went undiscovered. (In 1952, a bug was found in the beak of a wooden eagle on the wall of the U.S. envoy's residence.) More recently, in a case leaked to the U.S. press, officials conducting a routine security check discovered a tunnel beneath the embassy building—and in the process confronted a startled Russian who made a hasty retreat. The tunnel was connected to an air shaft and a chimney that were found to contain Soviet listening devices.

Two years ago, in response to U.S. protests, the Soviets apparently reduced their microwave bombardment of the Moscow embassy. But eavesdropping continues. Like its U.S. counterpart in Moscow, the Soviet Embassy in Washington bristles with mysterious antennas. No one knows precisely what the embassy's electronic equipment picks up in the U.S. or relays back to the Kremlin. But one high-level U.S. source maintains the Soviets used microwave gear during the 1973 Mideast war to listen in on White House conversations with the Pentagon, the State Department and the CIA.

Détente, with its easing of U.S. travel restrictions on Soviet citizens, has made Moscow's job easier. Last year alone, some 6,000 Soviets visited the U.S. as members of trade and cultural delegations and 21,000 Russian sailors took shore leave in U.S. ports. A good number



Drawings by Ib Ohlsson—Newsweek

An artist's conception of Peterson's arrest: End of a double life

espionage plot last summer and, among other things, wanted to know the name of the intended victim of the poison. U.S. consul Clifford Gross advised her to reply, *Izvestia* claimed, but Peterson told him: "Shut up." Gross told her interrogators: "No use asking her. She is only the executor." This time, the paper said, the "pretty CIA agent literally roared at him, 'Shut up!'"

Now back home in the U.S. and lying low, "Marty" Peterson, 32, had indeed worked for the CIA, officials in Washington conceded, although she was ostensibly employed in the embassy's consular section. One warm July evening last year, according to *Izvestia*, Soviet police tailed her as she proceeded by car, bus, trolleybus, subway and taxi to a rendezvous at a bridge over the Moscow River (sketch). The KGB men waited until they saw her place an object—allegedly a hol-

believed in dropping undercover agents behind the Iron Curtain by parachute (most of them never to be heard from again). Those methods have been declared obsolete by Jimmy Carter's CIA boss, Adm. Stansfield Turner, a staunch advocate of satellite reconnaissance, electronic intercepts, microwave listening devices and other space-age tools for gathering information.

SPOOKS AND TRENCH COATS

Even in the age of high-technology spying, there is still a basic need for what is known in the spook trade as HUMINT—human intelligence—and as the bizarre Peterson case indicates, the days of trench coats and lurking around corners are not over yet. As one U.S. intelligence analyst puts it: "We still need spies, you know."

Gathering HUMINT in Russia is no



The Woodbridge caper: Secrets not for sale

of them presumably were KGB agents. According to FBI associate director James B. Adams, there has been a marked upsurge of Soviet espionage here. "These people have total geographical access to the United States," he says. "And as more individuals have been assigned to this country, more intelligence officers have come with them." A prime target for Soviet operatives: Capitol Hill, where Congressional committees are a cornucopia of information on U.S. defense and economic matters.

Russian spies have always outnumbered American agents. For years, the Soviets have infiltrated the United Nations, and even cooks, bakers and chauffeurs at the Soviet Embassy in Washington and in consulates elsewhere in the country double as KGB agents. But the U.S. holds a sizable edge in scientific intelligence gathering. "Our technology is such that by the time they can steal it, our people have invented something better and we're ahead of the game again," one U.S. intelligence man boasts.

FILM IN THE MILK CARTON

The U.S. is well ahead of Moscow, for example, in the esoteric field of submarine monitoring. U.S. microphones planted in the seabed are so sensitive that they can identify individual Soviet submarines by the sound of their propellers and can alert Washington as to the vessels' direction. Allegedly hoping to learn about such techniques, two Soviet employees at the U.N.—Valdik Enger, 39, and Rudolf Chernyayev, 43—befriended a U.S. Navy officer aboard a Soviet cruise ship and asked him to sell information. The officer alerted the FBI, and last

month, as Enger, Chernyayev and Soviet diplomat Vladimir Zinyakin were retrieving film of defense documents the officer had dropped off in a milk carton at a Woodbridge, N.J., shopping center, FBI agents pounced. Bail for Enger and Chernyayev was set at \$2 million and the two are in custody awaiting trial for espionage. Zinyakin, who had diplomatic immunity, was expelled from the country.

In the cold world of spying, the wages of sin can sometimes be surprisingly small. Enger and Chernyayev offered the naval officer (whose identity has still not been disclosed) a mere \$20,000 to betray his country. And Jürgen Wiegel, 32, a former West German Defense Ministry clerk currently on trial in Düsseldorf with five other West Germans accused of passing NATO military secrets to East Germany, was originally recruited for a paltry \$200. Later, to be sure, the East Germans grew more generous: the six defendants were allegedly paid up to \$900 per month plus bonuses, and East Germany's secret service even chipped in \$500 a month in alimony for Wiegel's ex-wife.

The rash of recent espionage cases has not deterred Moscow from recruiting prospective spies in the capitalist West. Last week, the Bonn government reported 243 known cases so far this year of West Germans having been approached by Soviet-bloc agents, and a confidential West German Interior Ministry memorandum warned single women working in sensitive posts to be wary this summer of "Communist Casanovas in swimsuits." In one particularly brazen instance, The New York Times reported last week, Soviet officials made direct contact with an unnamed senior U.S. Government official.

Sometimes the Russians can be heavy-handed. Not long ago, a KGB agent approached a U.S. diplomat on the overnight train from Helsinki to Moscow. After several glasses of vodka, the KGB man—born in Detroit—flashed his identity card and said, "I have friends who would pay you well for the plans of the FB-111 engine." So saying, the KGB man promptly fell into a drunken sleep.

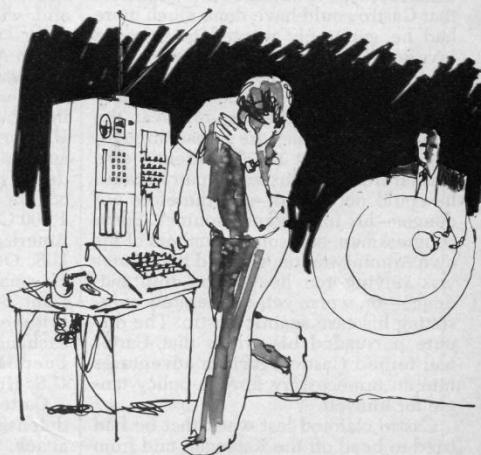
Both sides live in dread of double agents. When a high Soviet official at the U.N., Arkady Shevchenko, defected to the U.S. last April, the Kremlin worried that he was selling secrets to Washington. And for more than a decade, the U.S. intelligence community was thrown into a turmoil by a hunt for a Communist "mole" who had

supposedly penetrated the highest councils of the CIA. Scores of CIA officers came under suspicion, and although nothing was proven about any of them, the careers of some never recovered. The mole hunt paralyzed the agency in some respects, not only by casting suspicion on key officials, but by persuading the CIA that it could not trust information brought by Communist defectors. One retired CIA officer calls the mole affair "the greatest disaster for Western security in twenty years."

A FRIENDLY BLONDE

Although U.S. officials refused last week to talk in any detail about Martha Peterson, NEWSWEEK pieced together much of her story. She had been posted to Moscow in 1975 after undergoing Russian-language training, and had easily fit into her new surroundings. A friendly, rather athletic-looking blonde, she worked in the embassy's first-floor consular offices, where she interviewed potential Soviet immigrants to the United States. She was a frequent guest at parties given by Moscow's foreign community, and she also practiced *taekwondo*, a Korean martial art in which she had acquired a green belt for proficiency. "She's the kind of girl who could beat a man at soccer or tennis or golf," a friend said. "She's very outgoing, very social."

Peterson did not talk much about her past, but her co-workers were faintly aware of a tragedy in her life: the death of her husband, a U.S. Navy pilot who had been shot down over Laos in 1973. Occasionally, Robert Fulton—ostensibly a first secretary for political affairs, but in fact her clandestine CIA officer—came down from the embassy's seventh floor (where CIA and political-section offices are located) to chat with Peterson. No one, however, suspected that she worked for the CIA. Nor were her colleagues any the wiser last July when they learned that she had suddenly been reas-



Discovered: Russian flees embassy tunnel

INTERNATIONAL

signed to the U.S. for "family reasons."

Upon her arrival in Washington, Peterson reported to the State Department's Bureau of Personnel, where she was designated "over-complement"—a euphemism for no duties. She was also given an official State Department telephone number: extension 28364. But when NEWSWEEK dialed that number last week, a woman's voice mumbled that Peterson was on three weeks' leave from the "Management Advisory Office"—which merely turned out to be the personnel section where Peterson had checked in.

Peterson did not go totally underground. She visited her mother in Florida, and while there bought herself a flashy white Pontiac Firebird with red, white and blue trim (price tag: \$6,219). Then she moved back into the home she had bought before leaving for the Soviet Union, a \$90,000 town house of cream-colored brick walls in Falls Church, Va. (She had antagonized some of her more conservative neighbors by painting the roof purple.) Last week, Peterson was at home watching television. But she refused to answer the telephone or come to the door. Robert Fulton, her CIA boss in

Moscow, who had returned to the U.S. shortly after Peterson was expelled from the Soviet Union and now lives in a Cape Cod-style house in the Washington area, was only slightly more communicative than Peterson. "I understand what you are looking for," he told NEWSWEEK. "But I can't be the one to talk to you about it." Like others before her who have come in from the cold, Martha Peterson had returned from a lonely and dangerous double life in Moscow to a shadow existence at home.

—ANGUS DEMING with LARS-ERIK NELSON in Washington, FRED COLEMAN in Moscow and bureau reports

FIDEL KEEPS ON PITCHING

Fidel Castro was a gentle persuader. Relaxing on a sofa in Havana's Palace of the Revolution, his holstered revolver lying on a shelf, the President of Cuba held court through a long night last week for visiting Democratic Congressmen Stephen Solarz of New York and Anthony Beilenson of California. Castro declined to blame Jimmy Carter for his "brutal" charges that Cuba had armed and trained the Katangan rebels who invaded Zaïre last month, and that Havana was a co-conspirator in the attack. "I think Mr. Carter has been confused and deceived," Castro said to the congressmen and a group of reporters. "But I do not think Mr. Carter has deliberately resorted to this himself." The Cuban leader exuded sweet reasonableness for nine straight hours, but at times his message grew strident. The American line "is not half a lie," he insisted. "It is an absolute, total, complete lie. It is not a small lie, it's a big lie. It is not a negligible lie, it is an important lie."

At a press conference the next day, Carter refused to back down. "The fact is that Castro could have done much more had he genuinely wanted to stop the invasion," the President declared. "He could have interceded with the Katangans themselves. He could certainly have imposed Cuban troops near the border, because they are spread throughout Angola." But the President's case was far from conclusive, in part because he could not reveal—and therefore endanger—his intelligence sources. Some congressmen, and some members of his own Administration, worried that Carter was relying too heavily on thin evidence—or, worse yet, deliberately overstating his case against Castro. The dispute persuaded his critics that Carter had turned Castro's African adventures into an unnecessary foreign-policy tangle for himself.

Castro claimed last week that he had tried to head off the Katangan raid from the time he first heard "rumors" of it last February. He told his American visitors



Stephen Shalom

Castro and Solarz: 'Carter has been confused'

that he decided two years ago to discourage the rebel claims on Zaïre's Shaba Province. He feared that the Katangan cause could destabilize Angola and attract Western intervention, Castro said, and would divert resources from his main targets—white-ruled Rhodesia, South Africa and Southwest Africa.

Goodwill: Castro also professed great hurt that Washington had ignored what he regarded as his restraint toward such U.S. projects as the Panama Canal treaties and the U.S.-British peace effort in Rhodesia. But in a goodwill gesture to the congressmen, Castro promised to allow 1,600 Cubans who hold dual Cuban and American citizenship to emigrate to the U.S. Other Cuban officials hinted that Havana might agree to release Lawrence Lunt, 54, a CIA agent who has been imprisoned in Havana for thirteen years, in exchange for Lolita LeBron, 57, one of the Puerto Rican nationalists who fired on the U.S. House of Representatives in 1954.

Carter was not impressed with Castro's defense, but he did shift the tone of his attack. Although he insisted that "we have firm proof" of Cuban involvement in the invasion, the President tried to

change the focus of the debate. He built a more general case of bad conduct against Castro, declaring that, at the very least, the Cuban President should have warned the Organization of African Unity about the impending attack and "notified the world at large that an invasion . . . was in prospect."

Sources? The Administration also compiled a four-page summary of the evidence gathered by the CIA. It asserted that Cuba began training the Katangans in 1975, that Cuban advisers helped plan the rebels' attack on Shaba Province in March 1977 and that Cubans accompanied last month's invasion force on at least part of its march to Zaïre. The report cited a "consistency of evidence from a wide variety of sources"—but

for security reasons listed none of them. Carter vetoed a suggestion of some of his advisers to criticize the two congressmen who had held what one aide called a "prayer meeting" with Castro. But that did not stop the grumbling in the White House. "If Attila the Hun disagreed with a President of the United States," complained press secretary Jody Powell, "some people would automatically rush to the support of Attila."

Still, a number of people judged the Administration's case against Castro to be sketchy. "If I had to bet my last dollar on it, I'd bet the Cubans were involved in the training of the Katangans," said Democratic Sen. Dick Clark of Iowa, an authority on Africa. "But the evidence I've seen doesn't prove that . . . The whole thing has been played up more by the Administration than one might think would have been necessary." As a result, Fidel Castro was able to turn his Katangan embarrassment into a propaganda asset. And Jimmy Carter once again raised doubts about the U.S. response to Castro's Africa challenge.

—STEVEN STRASSER with THOMAS M. DeFRANK and LARS-ERIK NELSON in Washington