

## Intelligence Security Diary

Editors: George Holdron, David Rubin  
Advisory Board: Howard Coombs, Alan Pickering

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George Holdron, B. Com, M.B.A., a former officer in the Canadian Intelligence Corps (C Int C) now known as the Intelligence Branch of the Canadian Forces, was involved in strategic intelligence and subsequently pursued a career in investment management for over thirty years. He is founder of the Intelligence Security Diary and his extensive experience in the financial services industry has allowed him to develop innovative insights in the domain of 'open-source' intelligence. His research interests are in the field of strategy and economic intelligence and he is a Fellow of the Institute Chartered Secretaries & Administrators (U.K.)

David Rubin, KStJ, QC, BA, LL.B. also a former C Int C (Intelligence Branch) officer, is a business lawyer and a partner of Gowling Lafleur Henderson LLP, a Canadian law firm with offices across Canada and in Moscow. He is Chair of the Intelligence Security Diary, was the Publication Chair of Scarlet to Green - A History of Intelligence in the Canadian Army, past President of the Canadian Intelligence and Security Association, past Chair St. John Ambulance, Toronto, and served as Honorary Aide-de-Camp to several Ontario Lieutenant-Governors.

Howard Coombs, BA (Hon), BEd, Master Military Art & Science (Theatre Operations) retired from the regular component of the Canadian Forces in 2002. He is a graduate of the United States Army Command and General Staff College and the United States Army School of Advanced Military Studies. He is a research associate of the Canadian Forces Leadership Institute, a part-time instructor at the Canadian Forces Staff College and a Lieutenant Colonel commanding the Princess of Wales' Own Regiment, Kingston. He advises on the 'Contemporary Warfare' section of the Intelligence Security Diary.

Major General Alan Pickering, CMM, CD (Ret'd), served in the Canadian Forces in a variety of operational and command positions. He holds a BSc (Mechanical Engineering) degree from the Royal Military College and Queen's University. He is a graduate of the Royal Canadian Air Force Staff College and the United States Navy War College. His last posting was Chief Intelligence & Security - Department National Defense. He served for eleven years as Director General Information Technology Security at the Communications Security Establishment following retirement from the military in 1985.

The Editors may be contacted at [david.rubin@gowlings.com](mailto:david.rubin@gowlings.com) or (416) 862-3520.

*The December 2006 Intelligence Security Diary is the four-year anniversary issue. What started as a brief synopsis of intelligence and security articles appearing in the media has evolved into a pre-eminent Open Source Intelligence publication. The Diary is distributed electronically and it is estimated that it reaches 5,000 on initial release and then forwarded to as many as an additional 25,000-50,000. It reaches the highest and most senior levels in both the private-corporate and governmental domains and the often-quoted 'anecdotal sources' indicate it is avidly read in certain "foreign circles". Over the course of the last four years we have received much favorable commentary and strong encouragement from our readership. We appreciate this sincerely! On this four-year anniversary we would like to thank everyone for their support, particularly Gowling Lafleur Henderson, and wish all the very best for a healthy and successful New Year in 2007.*

**1 Dec Smartmatic Corp**

The Justice Department is investigating Smartmatic Corp. to determine if it got its start in Venezuela by bribing officials and then improperly avoiding its tax liability in the United States. The company confirms it paid \$1.5 million to a Venezuelan consultant who is close to the Chavez government. Smartmatic's operations are already under study by the Committee on Foreign Investment, which reviews foreign acquisitions to see if they have national-security implications.

In 2004, Smartmatic's machines were used in an election to recall President Chavez, which Mr. Chavez won handily. Venezuela's opposition claims the process was riddled with fraud. President Chavez's allies are reported to own Smartmatic and this is the focus of the Committee on Foreign Investment review. Smartmatic's machines were used extensively in the November United States and recent Venezuelan presidential elections.

**8 Dec Duma - Legislation**

Last week the Duma, Russia's parliament, gave preliminary approval to a law that would directly grant the president power to impose economic sanctions on foreign nationals. The law was entitled, 'On Special Economic Measures in Case of an International Emergency Situation'. The proposed legislation would allow the president to freeze trade contracts, stop financial transactions, prohibit tourism, and impose other economic sanctions.

*[Draconian and totally Putinesque!!]*

**11 Dec Hezbollah Tactics**

*The Wall Street Journal* carried an editorial entitled "Whose War Crimes?" which discussed the extent to which Hezbollah used civilian 'cover' to protect its military operations. The article referenced a report issued by Israel's Intelligence and Terrorism Information Center on December 5th, which shows how Hezbollah put innocent civilians at risk by deliberately deploying its forces in cities, towns and private homes.

The report shows precisely how the use of civilian cover was explicitly part of Hezbollah's tactics. On May 27th, several weeks before the war, Hassan Nasrallah is reported to have said in a TV interview, "Hezbollah lives in their houses, in their schools, in their churches, in their fields, in their farms and in their factories. You can't destroy them in the same way you would destroy an army." This is the essence of the asymmetric strategy of Islamist radicals. Hezbollah's headquarters in Aita al-Shaab is in the heart of the village and Nasrallah's office and home are in a densely built neighborhood of Beirut.

**12 Dec Shell - Gazprom - Sakhalin**

Royal Dutch Shell owns a 55% stake in the Sakhalin-2 energy project. Russian regulators have threatened to impose sanctions on the project following Shell's announcement in 2005 of big cost overruns. Sakhalin-2 is one of the biggest liquefied-natural-gas projects in the world and the single biggest foreign investment in Russia.

It is reported that Shell has agreed to offer Gazprom a controlling equity stake but it is unclear what Sakhalin's final ownership structure will be. Sakhalin's other minority partners are Japan's Mitsui & Co. and Mitsubishi Corp. Gazprom wants Shell to stay on as operator because the Russian company has little experience extracting gas offshore or producing liquefied natural gas. This would allow Shell to continue to lead the project but clearly it would enjoy less of the financial benefits because of the minority stake.

*[The move underscores the Kremlin's opposition to foreign control of large energy projects in Russia. The Russian leadership wants to make absolute its domination of the country's oil and natural-gas industry. Foreign energy companies continue to acquiesce to Kremlin demands.]*

**14 Dec House Intelligence Committee**

Incoming Speaker Nancy Pelosi plans to establish a House Intelligence committee that will have authority over funding for the nation's major spy agencies. The membership of the new committee will be a mix drawn from the existing House Intelligence and Appropriations committees. The new panel will prepare the classified section to the annual Defense Department appropriations bill that covers the annual intelligence budget. The 9/11 Commission recommended that Congress strengthen oversight of US Intelligence agencies by drawing a close link between oversight and funding.

The Appropriations Defense subcommittee has the final word on most intelligence spending but was often too focused on military matters to conduct detailed oversight. The Intelligence committee, had a close relationship with spy agencies, however, agency directors frequently went directly to the Appropriations panel and ignored it. It is reported the size of the new panel will be nine voting members: six from Appropriations, three from Intelligence. Four of the most senior members of Appropriations would serve in an ex-officio, non-voting role on the panel. The thirteen-member panel would have eight Democrats and five Republicans.

**19 Dec Kremlin's Karl Rove**

*The Wall Street Journal* carried a front page, column 1, article on Vladislav Surkov, Vladimir Putin's domestic policy chief and deputy chief of staff. He is portrayed as the architect of the ideology the Kremlin is using to justify its reassertion of control over the state and the economy. Surkov describes it as 'Sovereign Democracy'. He has penned manifestoes defending the Kremlin's muzzling of critics, monopolization of politics and crackdown on politically ambitious billionaires.

In the Yeltsin period of the 1990s Surkov made millions of dollars working for several of the "oligarchs" - helping them win favour with government officials on whom they depended to expand their empires. When Mr. Putin came to power in 2000, however, Mr. Surkov quickly shifted gears to reassert state power over his old oligarch colleagues. As Russia became increasingly enriched and empowered by oil revenue, resistance to the Putinesque authoritarianism diminished commensurately.

During his earlier career Surkov worked for Mikhail Khodorkovsky, Mikhail Fridman and Boris Berezovsky. The period was rife with corruption, with bureaucrats and "middle-men" getting multimillion-dollar kickbacks for business deals with government. However, Surkov dramatically shifted allegiance, became involved politically, and successfully engineered Putin's centralization of power over the 2000 to present period. The Wall Street Journal article implies he is now at the "center of power" in the Kremlin.

*[The article did not associate Mr. Surkov in any manner with the "Litvinenko Affair". However, whenever a situation such as the Litvinenko murder takes place, there is always a wave of 'OSINT' type*

*information that hits the media. The Litvinenko Affair has led to intense research into Kremlin machinations - the article on Surkov may be fallout from such a process. The Diary Editors are certain this is not the last we will hear of Mr. Surkov - a FOLIO has been opened in his name. Any friend of Vladimir's ... is a friend of ours!]*

### **21 Dec     Energy Security**

General Charles F. Wald, former deputy commander of U.S. forces in Europe, Central Asia and Africa is leading a strong lobby focusing on "energy-security". While in his former post, he hired a scenario planner from Royal Dutch Shell, courted the leaders of promising energy suppliers and set out to help Kazakhstan and Azerbaijan create a "Caspian Guard" to protect the oil-rich region. He now works from Washington and is pushing for a complete redefinition of energy security.

Three years into the sharpest increase in oil prices in a generation, policy makers and military leaders are grappling with the implications of the resultant change in energy geo-politics. Supply lines are longer and oil fields are under the control of countries that are increasingly protective of their energy reserves. Russia has brandished energy as a weapon and the U.S. military has come to the realization that it cannot protect America's energy interests everywhere across the globe.

As the *Diary* commented in the November issue the United States is becoming isolated strategically from major new oil fields as Russia reasserts itself and as China and India move to secure their energy sources. The European Command conducted scenarios (war games) in which the BP Caspian pipeline exploded and terrorists attack certain Russian natural-gas transmission facilities. The results included power failures in Great Britain.

These war games crystallized "the importance of having protected infrastructure." The conclusion was to train Azerbaijan and Kazakhstan security forces to bolster security on the oil facilities. The initiative failed, however, when Russian news reports and local commentators expressed concerns the U.S. was planning to deploy soldiers in the region.

*[Last year, Robert Gates, the new secretary of defense, participated in a war game at the Four Seasons Hotel in Washington. During the game, unrest and terrorist attacks hit oil production in Nigeria, Saudi Arabia and Alaska. In the course of the war-game simulation, Mr. Gates, playing national security advisor wanted to send troops to Nigeria, however, retired Marine Corps General Kelly, as Chairman of the Joint Chiefs, answered, "We don't have the forces." The simulation also indicated the U.S. was short of resources to safeguard even its domestic facilities. Are we seeing the 'Stalingrad Syndrome' in play?]*

### **26 Dec     Chinese Capitalism - "Our Style"**

Chinese businesses are using the U.S. capital markets to secure financing. Recent issues include the initial public offerings ("IPO") of Melco PBL Entertainment Ltd., Trina Solar Ltd. and Fuwei Films Co. Melco's IPO was \$1.15 billion. Melco is focused on the fast-growing gambling industry in Macau. Trina is a solar-products maker and Fuwei makes plastic film for consumer packaging and audiotapes.

## OPEN SOURCE INTELLIGENCE

### FOLIO - SHERLOCK HOLMES

#### ...Well Watson...What do you think?

*Alexander Litvinenko, a high-profile critic of the Kremlin, died November 23rd in London after ingesting polonium 210, a radioactive substance. Polonium is made in nuclear laboratories and is used in certain devices that measure radiation. The amount and potency of the poison used to kill Mr. Litvinenko, however, has led to speculation it was procured from a nuclear facility. Mr. Litvinenko and his backers attributed the poisoning to his criticism of the Kremlin. The Kremlin denies any involvement.*

- *[Litvinenko spent the 1990s as an officer in an elite organized crime unit of the Federal Security Service (FSB), which was responsible for penetrating organized crime gangs in the treacherous post-Soviet world of mega deals and corruption.]*
- *[Litvinenko was assigned to Boris Berezovsky after an attempt was made on the oligarch's life in 1994. Berezovsky ultimately accused the FSB of planning his murder. Litvinenko was arrested in 1999 on corruption charges and jailed for about eighteen months. He was released on condition he remains in Moscow. When Putin succeeded Yeltsin, Litvinenko and his family fled to London - shortly after Berezovsky - who had also been charged with fraud and had sought sanctuary in England.]*
- *[Litvinenko went to work for Berezovsky and both men worked together agitating against Putin. Berezovsky financed opposition groups and Litvinenko produced two books attacking the Russian leader. Litvinenko claimed Putin is a habitual pedophile and has been "on the take" from Mafia groups for years and that he directed FSB officers to blow up apartment buildings in Moscow and then assign blame to Chechen rebels. The bombings allowed President Putin to launch the second Chechen war and helped him win election.]*
- *[Recently Litvinenko is reported to have been investigating the murder of Anna Politkovskaya - a critic of Putin's Chechnya campaign.]*
- *[Polonium is very difficult to procure. Sources indicate it would have cost in excess of several million dollars to acquire the dose that killed Litvinenko. Polonium can only be produced in a nuclear reactor and the biggest producer is Russia. It is assumed that only a government or a very wealthy criminal syndicate (or both!) could have orchestrated its acquisition. Without the involvement of Britain's Atomic Weapons Establishment, the cause of death would have been clouded in uncertainty - the murderers did not expect that the polonium would be isolated and identified as the cause. They failed because of the application of the British gamma spectrometer and the persistence of the London 'Bobbies'. (The Law of Unexpected Adverse Consequences in play against the murderers!)]*

**1 Nov** Mr. Litvinenko had lunch in a restaurant in central London with Italian lawyer and security advisor Mario Scaramella. Later that evening a second meeting takes place in the Pine Bar of the Millennium Hotel, near the U.S. Embassy, with a group of Russian businessmen with whom Litvinenko was planning certain "business activities". All seven bartenders on duty that day tested positive for the radioactive substance. They would have inhaled it soon after its release - possibly from the vapor given off by a drink into which it had been slipped.

- *[Mr. Scaramella served as an advisor to Paolo Guzzanti, a right wing Italian senator who formerly headed a parliamentary commission. The commission was formed in 2002 with the aim of uncovering links between KGB spies and Italian politicians during the Cold War. Scaramella has tested positive for radiation.]*
- *[The Russians who met Litvinenko in the bar included Andrei Lugovoi, a former KGB bodyguard. Dmitry Kovtun, a former Soviet army officer who has known Lugovoi for many*

years. Vyacheslav Sokolenko, a graduate of the same military school as Lugovoi and Kovtun. Sokolenko stated he had never met Litvinenko before. Both Lugovoi and Kovtun have polonium in their bodies.]

**23 Nov** Alexander Litvinenko died of poisoning and blamed Vladimir Putin in a note from his deathbed.

**1 Dec** Yegor Gaidar, a leader of a Liberal opposition party in Russia who served briefly as Prime Minister in the 1990s under President Boris Yeltsin, was hospitalized in Dublin, Ireland. While attending a conference he began vomiting, fainted and was hospitalized in intensive care. He was returned home and continued in hospital in Moscow. Andrei Lugovoi once served as Mr. Gaidar's bodyguard.

**2 Dec** The inquiry into Mr. Litvinenko's death broadens as his wife and the man he had lunch with a month ago were found contaminated with radiation. The British Health Protection Agency identified 179 people who warrant further investigation and have referred 27 for assessment for possible exposure as of Saturday night.

*[British health officials are seeking to stem public concern about radioactive particles that have been found in three London locations, and on several British Airways planes.]*

**4 Dec** When investigators from London's Metropolitan Police (Scotland Yard) land in Moscow, Yuri Chaika, Russia's prosecutor general applied constraints on the investigation.

- Russian police will question suspects - British police can only listen.
- No Russian will be brought to the United Kingdom for questioning or trial since the two countries have no extradition treaty.
- There will be no questioning of senior officials at Russia's state security service ("FSB").

Andrei Lugovoi is in a Moscow hospital undergoing tests for possible radioactive contamination. Mr. Logovoi met with Litvinenko in the London hotel bar during the evening of November 1st. Mr. Chaika indicated Mr. Lugovoi could only be interviewed with permission from his doctors.

*[The Kremlin had previously provided assurances that it planned to cooperate with the British investigators. The U.K. Foreign and Commonwealth Office said Foreign Secretary Margaret Beckett met with her Russian counterpart on Friday December 1st and said the Russian authorities pledged cooperation.]*

**5 Dec** It is reported that Italy's foreign minister, Massimo D'Alema, in a meeting with Russian President Vladimir Putin, received assurances that Russia is "open to cooperating" with the British authorities and with prosecutors in Rome, who are probing the activities of Mario Scaramella. However, Mr. Putin is reported to have also stated that the case should not be "politicized".

**6 Dec** Anatoly Chubais, another former Yeltsin-era official, indicated that he suspects a link between Mr. Gaidar's illnesses, Mr. Litvinenko's death and the October murder of investigative reporter Anna Politkovskaya. Mr. Chubais stated the deaths, " would perfectly correspond to the interests and the vision of those people who are openly talking about a forceful, unconstitutional change of power in Russia as a possible option."

*[Vladimir Putin has vowed to step down when his term expires in 2008. Vladimir Ryzhkov, an independent member of Russia's Duma (parliament) accused Putin of having created a system ruled by fear and intimidation. Ryzhkov claims that the armed forces, Interior Ministry, FSB and private security forces, "are running Russia, own its economy and use violence and murder as habitual management techniques". In addition to the high-profile deaths there has been widespread murder of oil executives and bankers in the past several months.]*

**15 Dec** Reports indicate Andrei Lugovoi is now the center of the investigation by Britain's Scotland Yard. In October, Mr. Lugovoi introduced Alexander Litvinenko to Moscow businessman Dmitry Kovtun. The three met a second time on November 1st at the Pine Bar of London's Millennium Hotel, where police believe Litvinenko ingested the fatal dose of polonium. Police are investigating whether Kovtun brought the poison from Moscow via Hamburg, Germany.

- Andrei Lugovoi is a former Kremlin agent who now runs a private-security company whose clients include legislators, governors and even some Kremlin critics. There is growing speculation that Lugovoi's business dealings may be an elaborate ruse to infiltrate the ranks of the Kremlin opposition and report on their anti-Putin activities. Mr. Lugovoi has a checkered history of working with Russia's ruling elite.
- Mr. Lugovoi is a graduate of the Soviet Union's equivalent of West Point and he commanded a platoon of Kremlin guards in the waning years of the Cold War. Following the Soviet collapse in 1991 he ended up guarding top officials such as Prime Minister Yegor Gaidar.
- One of Lugovoi's clients was Ivan Rybkin, a former speaker of Russia's Parliament who made an abortive Berezovsky-backed attempt to run against Mr. Putin in 2004. When the campaign entered its final stretch, Rybkin disappeared, only to resurface a few days later. He said he had been drugged and that two men had made a videotape of him in an "embarrassing situation". Rybkin questioned the loyalty of the guards assigned by Lugovoi to protect him. Rybkin withdrew from the presidential race and retired from politics.
- Lugovoi has indicated he introduced Kovtun to Mr. Litvinenko so they could share business contacts. When Kovtun returned for the second meeting on November 1st he traveled via Hamburg. Mr. Kovtun left traces of polonium on his ex-wife's sofa, where he slept, and on the seat of a BMW that picked him up at the airport.
- Scotland Yard detectives have not been allowed to directly question either Lugovoi or Kovtun - and both are hospitalized undergoing tests for polonium poisoning.

**20 Dec** Today is the "Day of the Chekist" - spy, the twenty-fifth anniversary of the creation of a covert unit in Russian intelligence whose officers are trained to "liquidate" people abroad. In 1981, the Soviet Politburo secretly approved a proposal from then KGB Chairman Yuri Andropov, to build an internal military arm - called Vympel - dedicated to assassination, terror and subversion on enemy territory.

Special task groups within the Russian secret services - the Main Intelligence Directorate of the Army, the Foreign Intelligence Service and the Federal Security Service ("FSB") - have staff specially trained to carry out missions abroad. The most recent example was in February 2004 when Russian agents blew up a car carrying Zelimkhan Yandarbiyev, a Chechen leader, in Qatar. The three assassins were arrested immediately and tried in local courts - and then returned to Russia and a hero's welcome. The Vympel group now comprises Directorate V - the special operations grouping within the FSB.

*[In July, the Russian Duma approved a law allowing the president to use his special services to assassinate terrorists and any other enemies of the state abroad.]*

**28 Dec** Russian prosecutors announced they are investigating Leonid Nevzlin, a former owner of the Yukos oil company, in the radiation death of Alexander Litvinenko. Nevzlin fled Russia after authorities launched a criminal investigation against Yukos. Last month Nevzlin stated that he believed the poisoning was tied to Litvinenko's investigations of the Russian government's dismantling of the company.

The prosecutor general's office said that Leonid Nevzlin and other Yukos figures wanted by Russia, could have ordered Litvinenko's killing as well as the poisoning of another former agent, Dmitry Kovtun. The prosecutors may initiate new extradition demands. In recent years Russia has unsuccessfully sought the extradition of a number of its critics, including Leonid Nevzlin and Boris Berezovsky.

*[Sources indicate that Russia has launched its own investigation of the Litvinenko death in order to maintain political control over proceedings. Russian authorities also announced they had questioned the imprisoned Mikhail Khodorkovsky, the former chief of Yukos oil, as a suspect in the new criminal inquiry.]*

**...Well Watson...I'm waiting for your answer!**

**FOLIO - RUSSIAN EMIGRES**

The investigation into the poisoning of Alexander Litvinenko has focused a spotlight on the Russian émigré community in the United Kingdom. Russians come to London to protect their wealth, take advantage of tax laws, and seek escape from the regime of President Vladimir Putin. However, many maintain ties back to Russia and its murky criminal, business, and government networks. Foreigners who reside in the United Kingdom, but can show they don't live there permanently, don't have to pay taxes on overseas income as long as it resides offshore.

Russian wealth is a major engine in London's economy and, in particular, has driven up house sales significantly. In the twelve months ending June 2006 Russians have bought one in every five properties priced at or above \$12 million. This year Russians are expected to purchase as many as 250 homes above \$1 million, compared with approximately 70 in 2001. Last month, one of the U.K.'s top real-estate agents, Savills PLC , formed a joint venture with Russian real-estate company, Intermark, to sell homes and apartments to wealthy Russians.

London has seen an influx of Russian businessmen rich with oil and telecommunication assets who have taken advantage of the British capital market to raise money. Since 2000, Russian companies have taken part in 27 equity deals on the London Stock Exchange raising about \$25 billion. Earlier this year state-controlled Russian oil company OAO Rosneft listed its global depository receipts on the London Stock Exchange. The following table demonstrates the increased frequency of the deal-making; approximately a deal every two months over the past two year period.

| ISSUE DATE   | COMPANY             | (\$BILLION) |
|--------------|---------------------|-------------|
| Nov 8, 2006  | SeverStal           | 1.06        |
| Nov 2, 2006  | Sistema-Hals        | 0.43        |
| Oct 30, 2006 | TMK                 | 1.09        |
| Jul 14, 2006 | Rosneft             | 10.66       |
| Apr 26, 2006 | Raven Russia        | 0.54        |
| Feb 7, 2006  | Comstar UTS         | 1.06        |
| Jan 24, 2006 | Evrax Group         | 0.39        |
| Dec 9, 2005  | Novolipetsk Steel   | 0.65        |
| Jul 21,2005  | Novatek             | 0.97        |
| Jun 1, 2005  | Evrax Group         | 0.42        |
| May 5, 2005  | Pyaterochka Holding | 0.64        |
| Feb 9, 2005  | Sistema             | 1.56        |

Mr. Litvinenko was an associate of Boris Berezovsky, one of the most prominent Russian exiles in the United Kingdom, and like Litvinenko, a severe critic of Vladimir Putin. While the investigation into Litvinenko's death is still in process it is clear the immense wealth, close business and political ties between the London émigrés and Moscow and the always present and highly efficient FSB is a very potent mix. A forerunner of the FSB was extremely successful instigating dissension in White Russian communities in the immediate post-revolution era - where it perfected the art of disinformatia (disinformation). Intelligence analysts watching this situation believe the FSB has infiltrated the émigré community deeply, and with the obvious leverage on commercial interests in Russia to be exploited, the FSB will work this environment ruthlessly.

*[The Diary will be monitoring developments closely! This will be a treasure trove of Open Source Intelligence not to mention all the markings of a future Frederick Forsyth novel. One of the Diary's British sources commented - "Radioactive poisoning - this is getting far too gruesome - in the 'old days' a spy scandal was all about John Profumo, swimming nude with Christine Keeler, in someone's swimming pool. Good god! - The young crowd play to kill."*

*The Diary researched its data banks and found the following description of Christine by Russian boyfriend Yevgeny Ivanov, "There was some magic in Christine...another girl from the provinces, simple and naïve... a dangerous creature, sly and treacherous. Her eyes told me that: they shone with passion, sensuality and cunning. Like a small furry animal, she was graceful and enchanting, but she was also a predator." The Editors stopped their research at this point - we were getting too excited and overlooking what we were writing about! However, we think everyone can agree a sensual and graceful creature, like Christine Keeler, is far more enchanting than a dose of radiation - they had far more 'style' in the old days.]*

### **FOLIO - SURVEY RESULTS**

*[October Diary - Our Psychological Operations (PSYOP) specialists are interested in profiling the Diary's readership. They have selected five of the Open Source Intelligence laws and ask that each reader rank them in terms of; (i) credibility, (ii) incidence of experience, (iii) entertainment value, or, (iv) rank them any way you wish. Simply apply a number one (1) to five (5) against each category in the following table. A mark of one is the highest ranking.]*

The preliminary results of the *Diary's* Survey ("the survey") are contained in the following table. The survey's respondents selected **Exponential Risk** and **Always Watch Rear** as the two highest categories. **Disinformation** and **Anecdotal Sources** were weighted the lowest.

| OSINT LAW         | RANKING |
|-------------------|---------|
| Exponential Risk  | 1.87    |
| Always Watch Rear | 1.98    |
| Inconspicuousness | 2.10    |
| Disinformation    | 2.45    |
| Anecdotal Sources | 2.53    |

- It is clear that our readership assesses **Exponential Risk** as the most telling 'dynamic' in the field of Open Source Intelligence. The *Diary*, however, received an interesting question from one respondent who asked, "What does this mean precisely? If you have one person in possession of information, are you only at the risk of that one person intentionally or inadvertently 'talking'? If you have two people, does the risk factor increase to the equivalent of four people - as in 2 times 2 equals 4? Three people - does the risk move to the equivalent of 9?"
- When the *Diary's* Editors enunciated the **Law of Exponential Risk** we described it in simple figurative terms - there was no thought given to literal mathematical interpretation - we aren't that smart! However, when we saw the email we thought it was extremely insightful. There was an inclination to keep this "gem of wisdom" to ourselves - in order to selfishly exploit it, however, after sober discussion we decided to give credit to the reader who originated the interpretation. We do not know who he or she is - the *Diary* survey was confidential - but the reader who forwarded the idea will certainly know who they are! ... I wonder if it was our dear friend Vladimir?"
- **Always Watch Rear's** high ranking is self-explanatory! One *Diary* Editor sarcastically commented - "Hey, our readers have worked with the same people I have!"

- The low ranking of **Disinformation** may reflect the tremendous influence the Internet has in determining the accuracy of information in news reports. The general media has also grown increasingly skeptical of 'spin' - and quickly questions most attempts to deceive it - not that any of our beloved political leaders would engage in this kind of activity! **Anecdotal Sources** placing last is a big surprise to the Editors. The last place finish is also a big disappointment - the luncheon expense budgets on Intelligence Desks will now be reduced - sorry guys - the survey doesn't lie!

*[The Diary's Editors plan to run the survey again in 2007. The Laws of Open Source Intelligence are expanding with each issue of the Diary. Perhaps a more refined survey will add additional insights into the art and science of OSINT? The Editors did not hear from the PSYOP 'mopes' - they couldn't compile the numbers! The task of compiling the numbers fell to the MBA on the editorial board. There was intense stress! At one point your Editors were facing the prospect of informing you that we had run a survey and couldn't interpret the results.]*

## **CONTEMPORARY WARFARE**

### **Network Enabled Operations**

Defence Research and Development Canada - Toronto has recently released a report on Network Enabled Operations (NEOps) entitled Network Enabled Operations: The Experiences of Senior Canadian Commanders. Those interested in examining Canadian practices during networked warfare can access this 64 page document at

[http://pubs.drddc.gc.ca/inbasket/CEBsupport.060612\\_1203.toronto\\_cr\\_2006\\_112.pdf](http://pubs.drddc.gc.ca/inbasket/CEBsupport.060612_1203.toronto_cr_2006_112.pdf). The abstract notes that this "analysis begins with a context for understanding NEOps; it then presents key issues raised in the interviews in a thematic format; and the analysis concludes by summarizing and synthesizing the key issues raised in the interviews." The conclusions are contained on pages 21-25.

### **United States Director of National Intelligence**

A great article, by David E. Kaplan and Kevin Whitelaw, on the current functioning of the Office of the Director of National Intelligence (DNI) was published as "Remaking U.S. Intelligence" in US News and World Report during November 2006. This insightful piece on current challenges is available at <http://www.usnews.com/usnews/news/articles/061103/3dni.intro.htm>. It succinctly lays out all facets of the institution from personnel to budget and includes discussion of the climate in which the organisation must exist and successfully address its mandate, as well as mentioning potential reforms.

### **Israeli Defence Force Challenges in Lebanon**

A recent article from the Jerusalem Post Online highlights aspects of senior leadership in contemporary operations. It suggests that despite access to tactical level information operational level commanders must permit subordinate leaders the latitude to conduct assigned missions unhindered.

War report slams IDF Operations head

Dec. 11, 2006 19:08 | Updated Dec. 12, 2006 0:55

<http://www.jpost.com/servlet/Satellite?cid=1164881872004&pagename=JPost%2FJPArticle%2FShowFull>

Chief of General Staff Lt.-Gen. Dan Halutz confused ground forces by changing operational orders during the war in Lebanon last summer, in some cases on an hourly basis, according to Maj.-Gen. Ehud Shani-Shinotar, the former head of the C4I [Command, Control, Communications, Computers, and Intelligence] Communications Branch.

Shani-Shinotar presented the findings of his investigation into the IDF's [Israeli Defence Force] performance during the war to the General Staff on Monday. He was replaced as head of the C4I Communications Branch by Maj.-Gen. Ami Shafran last month.

Shani-Shinotar was asked by Halutz to investigate the process under which orders were issued by the General Staff and delivered to Northern Command, including the divisions, brigades and battalions.

The probe found that orders issued by the General Staff were in some cases not even adopted by Northern Command since the generals took too long to make decisions that were no longer relevant. It also criticized the failure to stop or even minimize the Katyusha attacks.

Shani-Shinotar criticized the head of IDF Operations during the war, Maj.-Gen. Gadi Eizenkot, who is now OC [Officer Commanding] Northern Command, for changing operational orders, in some cases on an hourly basis, a complaint heard often during the war by battalion and brigade commanders.

OC Logistics Directorate Maj.-Gen. Avi Mizrahi also presented General Staff with the conclusions of his probe into the call-up process and utilization of reservists during the war. His report exposed a series of flaws in the enlistment process of reservists and the level of equipment they received.

### **Release of Counterinsurgency Manual**

**NEWS RELEASE**

**United States Army**

**Combined Arms Center**

**<http://www.leavenworth.army.mil>**

**United States Marine Corps**

**Combat Developments Command**

**<http://www.quantico.usmc.mil>**

**FOR IMMEDIATE RELEASE**

**December 15, 2006**

The United States Army and the United States Marine Corps today released a new counterinsurgency field manual, FM 3-24/ MCWP 3-33.5. The manual, authored by a team of Army and Marine Corps writers, is designed to fill a doctrinal gap, as it has been 20 years since the Army and 25 years since the Marine Corps last published doctrine on the subject (though an interim manual was published two years ago). With the United States engaged in counterinsurgency operations in Afghanistan, Iraq, and the Philippines, it is essential that Soldiers and Marines have a manual that provides principles and guidelines for these kinds of operations. This manual-grounded in historical studies and informed by contemporary experiences-fills that need.

Full text of the release is available at

<http://usacac.army.mil/CAC/Repository/Materials/USA-USMCCOINNewsRelease.pdf>

To view or download the Field Manual 3-24/MCWP 3-33.5, go to:

<http://usacac.army.mil/cac/repository/materials/coin-fm3-24.pdf>

### **Operation Iraqi Freedom Documents**

George Washington University has posted a number of documents pertaining to ongoing controversies surrounding the post-conflict phase of Operation Iraqi Freedom (OIF). The link to these papers is <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB207/index.htm>. Of particular interest are:

Desert Crossing - The results of the April 1999 wargame conducted by the then-Commander Central Command General Zinni.

Future of Iraq Project - The project history and final 13-volume final report of the US Department of State "Future of Iraq" project from 2002.

These two documents lay out what was known at the time by the American government and what might have been incorporated into the OIF plan for conflict termination.

## In Remembrance



The Editors of the  
**Intelligence Security Diary**  
remember those who have fallen in  
recent Canadian Forces operations and  
in particular those who have been killed  
in the war in Afghanistan.

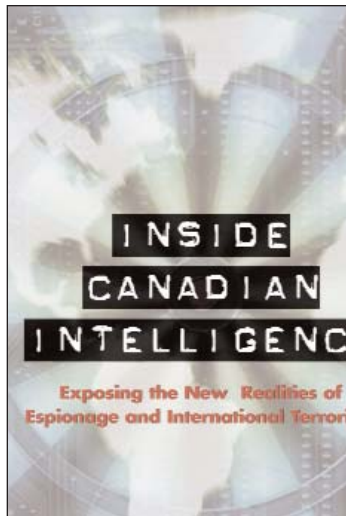


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Cpl. Jamie Brendan Murphy  
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### **Terrorist attack is certain; we can't ignore warnings**

**Winnipeg Free Press**

Sunday, July 16, 2006

*Inside Canadian Intelligence*

*Exposing the New Realities of Espionage and International Terrorism*

By Dwight Hamilton

Dundurn Press, 264 pages, \$35

Reviewed by Harold Buchwald

It won't come as a shock to anyone who has been paying heed to world terrorism that al-Qaida has labeled Canada as the fifth most important Christian country to be targeted. The United States, Great Britain, Spain and Australia have already been hit. Dwight Hamilton, principal author and editor of this remarkable book, rhetorically asks, "Who's next?"

Perhaps, with inside knowledge, or professional clairvoyance, he was anticipating the apprehension of "the Toronto 17," the Canadian Muslims who were arrested in Ontario last month on charges of plotting terrorist activity within Canada. It was widely predicted that *Inside Canadian Intelligence* would never see the light of day. Besides Hamilton, a journalist, its main contributors are three former highly placed members of the Canadian security and intelligence community.

The results are an informative and revealing study of the intricate and at times Byzantine multiple structures that have been put in place in a large number of different federal departments and agencies to apprehend and counter terrorist activity at home and abroad.

Ex-security officials Kostas Rimsa and John Thompson each contributed four or five chapters. Former Winnipegger Robert Matas, national correspondent with the *Globe and Mail*, has added an enlightening chapter on the Air India bombings and the failures of the Canadian Security and Intelligence Service (CSIS) and the RCMP in their handling of the investigation and prosecution of the suspected perpetrators.

Readers will be fascinated by the substantial detail revealed and the lucid explanations provided of the murky world of intelligence and security. The information is up to date as of February of this year. They will also appreciate the authors' lament and frustration that their warnings of clear and present dangers are generally falling on deaf ears of politicians, commentators and the public at large, who seem to be either unaware or unconcerned. The particular Canadian political psyche provides a soft underbelly for terrorist elements -- foreign and domestic -- who would do us harm.

According to Hamilton and colleagues, the barriers to effective surveillance and apprehension are:

- A prevailing lack of political will.
- Chronic under-funding.
- Bilingualism policies that have excellent candidates for senior intelligence work passed over because they don't speak French (although they speak eight other languages).
- Lax immigration policies and practices (there are currently over 200,000 illegal aliens in Canada).
- Privacy laws that inhibit personal investigations.
- An oversensitivity to Charter of Rights concerns.

In these things, the authors say, we have fallen far behind the Americans, the British and the Australians in the misguided belief that it can't happen here.

The authors propose a pragmatic seven-point plan of action to deal with espionage and terrorism in Canada in the current reality. They also urge readers to constructively lobby their members of Parliament and all political leaders. Describing intelligence as "the brains behind the sword," they urge that an al-Qaida attack is not a matter of if, but when. We ignore these warnings at our peril.

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