

# The Focal Point system for covert action

by Edward Spannaus

The “Focal Point” system refers to an inter-agency covert actions capability, which was created in the mid-1950s as a CIA capability extending into the Defense Department and other U.S. government agencies. From the beginning, it was heavily dependent on private financing; over the years, it has been expanded and “privatized” so that it has little relation today to what is left of the CIA.

In his 1974 book *The Secret Team*, Col. L. Fletcher Prouty, USAF (ret.) described how the Focal Point was created in 1955 by then-CIA director Allen Dulles. Prouty served as the Focal Point officer for contacts between CIA and the Department of Defense on matters pertaining to Special Operations (clandestine, covert operations) of the CIA. Within a few years, Prouty wrote, the Focal Point system had “hundreds of experts and agents concealed in military commands throughout the world who were part of a network I had established in 1956.”

Broadly, Focal Point encompasses counterinsurgency and covert action; more specifically, the Focal Point system also refers to a secret communications channel throughout the military by which CIA-originated and other secret communications can be transmitted throughout the military, hidden from access by the conventional military establishment.

The chief Focal Point office in the Pentagon was housed in another office which Prouty helped to create, that of the “Special Assistance for Counterinsurgency and Special Activities” (SACSA), in the Joint Staff of the Joint Chiefs of Staff (JCS). According to the JCS Historical Office, SACSA existed in 1962-70, when it was disestablished and its functions merged into what became the J-3 Special Operations Division of the Joint Staff. The secret Focal Point communications and logistics channel is today located in the Support Activities Branch of the J-3 Special Operations Division.

Prouty states that the functions of SACSA in the 1960s were “almost entirely CIA oriented,” and related to special operations forces of the Army and the other services. Formally, it operated under the direction of the National Security Council.

Central to the operations of SACSA and the Focal Point was the counterinsurgency activity known as “Civil Affairs.” The CIA did not invent the doctrine of Civil Affairs (actually, the British did); the U.S. Army had created its Civil Affairs School at Fort Gordon, Georgia during World War II. From its inception, the CIA was always heavily involved, and in

the late 1950s, the Civil Affairs curriculum was taken from Fort Gordon by a team of CIA-related officers and civilians, and installed in the U.S. Army Special Forces school at Fort Bragg, North Carolina; later, this was named the “JFK School for Special Warfare.” British Special Air Services (SAS) officers have always played a key role in guiding and directing U.S. Special Operations Forces; the two top Army officers involved in establishing the JFK School and the Green Berets, Gen. William Yarborough and Col. Charlie Beckwith, respectively, are both honorary members of British SAS.

## Private financing

According to various knowledgeable sources, private financing played an important role in Focal Point operations. The first bank to play a major role in financing these operations was the First National Bank of Boston (today the Bank of Boston). The network built around former CIA official Theodore Shackley was central to the Focal Point.

Others who played key roles in financing these increasingly “off-the-books” operations were:

- the Nugan Hand bank in Australia, a CIA-run money-laundering one of whose founders was a former Green Beret from Vietnam, Michael Hand;
- Bishop Baldwin Rewald, a CIA-run “investment bank” set up in Hawaii in the early 1980s as a successor to Nugan Hand;
- Armand Hammer;
- John Shaheen, OSS veteran, oil man, and close friend of William Casey;
- Robert Vesco, the former financier, now a fugitive living in Cuba.

Public financing of the Focal Point system is facilitated by the Economy Act of 1932, which permits “horizontal” financing of operations by “lending” funds or resources from one agency to another.

These financing mechanisms are also a major source of the corruption of the Focal Point system, which in fact served a useful function at one point. Beginning particularly with the Kissinger-run National Security Council period in the mid-1970s, national security and the national interest—even in its misguided forms—played less and less of a role, as pure profiteering became a dominant feature. By the 1980s, the Focal Point was still alive, but not well: It brought us the Bush-run privatized covert operations featuring drug-running and arms-smuggling, such as became known to the public as “Iran-Contra.”

The Focal Point and Civil Affairs were by no means restricted to operations abroad. Already by the late 1950s, a Civil Affairs capability was being put in place inside the United States; with its network of agents-in-place throughout the military and other federal agencies, the Focal Point system forms the backbone of the “secret government” structure inside the United States.