

Broader Indictment In **FBI** Agent Spy Case

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LOS ANGELES, CA -- A federal grand jury issued an amended indictment Tuesday against an **FBI** agent already charged with carrying on a love affair with an alleged double agent for China, adding one charge of failing to disclose his relationship with the woman.

James J. Smith, 59, is charged with filing false reports to **FBI** headquarters about the reliability of Katrina Leung as an **FBI** asset and allowing her access to classified materials. He faces up to 40 years in prison if convicted. Leung, 49, is a naturalized citizen who was recruited to work for the **FBI** 20 years ago. The new indictment alleges that on Aug. 9, 2000, Smith told an **FBI** agent during an interview that "he was not aware of any current or past circumstances in his life which could have a bearing on his suitability for continued federal employment and access to classified information." It also charges that he told the agent "he was not concealing any activity or conduct which could be used" to coerce or compromise him in any way.

The indictment adds that Smith knew those statements were false and concealed the fact that he was "engaged in an improper intimate relationship" with Leung. Smith was scheduled to be arraigned on the new indictment Wednesday afternoon. Leung is accused of taking classified documents from Smith's briefcase to benefit a foreign nation and could face up to 14 years in prison if convicted. Both have pleaded innocent. Smith, who retired from the **FBI**, is free on \$250,000 bail while Leung was required to post \$2 million bail and submit to electronic monitoring.

Prosecutors said Leung, a valuable **FBI** source of Chinese intelligence for 18 years, was simultaneously passing secret information obtained from Smith to the People's Republic of China. The breach has raised questions about every Chinese **FBI** counterintelligence investigation or operation from 1982 to 2000. Her attorneys have said she was loyal to the United States and took the **FBI** job out of love for this country. They said she was never involved in spying for China.

The new indictment also combines three wire fraud charges into one charge of mail fraud relating to reports Smith sent to headquarters about Leung's reliability. He is charged with gross negligence for allowing Leung access to classified documents. Lawyers for Smith and Leung said they had not yet read the new indictment and could not comment.