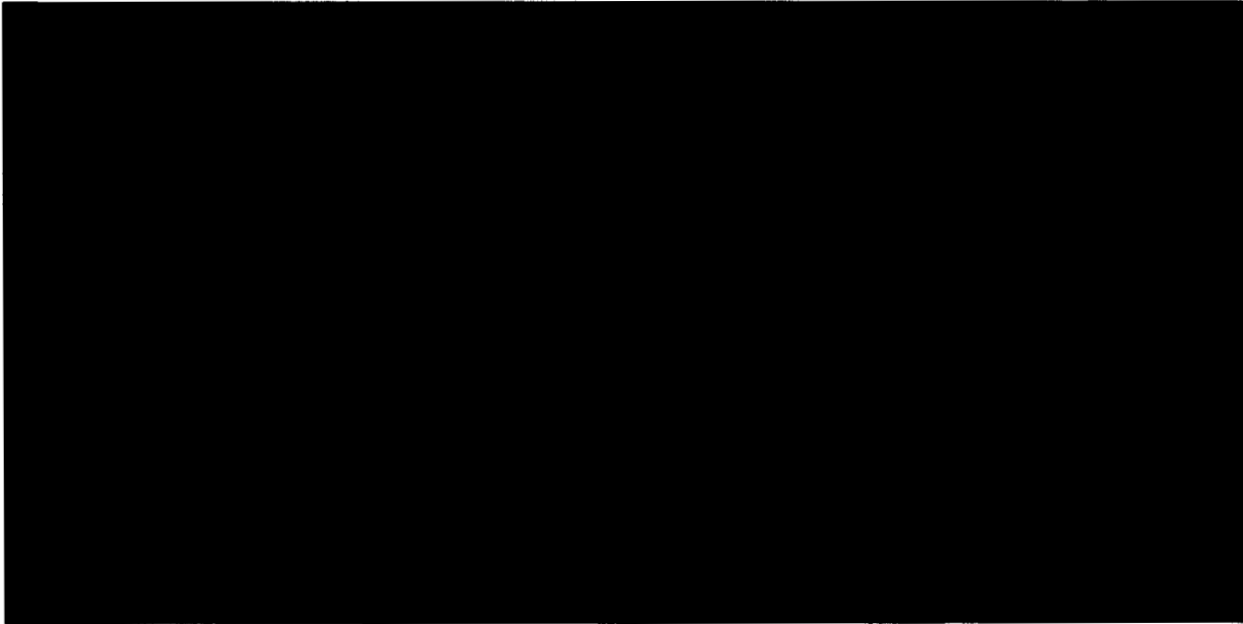


EXHIBIT 3

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Redactions
are b(1) and
outside the
remaining
challenged
withholdings

L. FISA Process Improvements (U)

OIPR and the Intelligence Community continue to work together to make further improvements to the FISA process in an effort to reduce the number of pending cases and to obtain FISC authorization as expeditiously as possible for these cases which meet the requirement of the statute. However, the large number of expedited initiation and emergency authorization requests that OIPR receives on a daily basis, along with OIPR's regular heavy workload of initiations and steadily rising number of renewals of applications for electronic surveillance and physical search, pen register/trap and trace applications, motions, and other matters (in addition to a rapidly increasing litigation workload and to OIPR's intelligence policy and oversight responsibilities) makes it difficult simultaneously to process pending requests of a lower priority, or ones that do not meet all of the criteria and requirements of the Act when submitted to OIPR. Issues regarding pending FISA requests are discussed in greater detail above. (S)

In addition to the changes to the FISA process made at the Attorney General's April 2004 direction referenced in prior semi-annual reports, OIPR continues to seek ways to further improve the processing of FISA requests. In particular, and in response to OIPR's growing number of attorneys, as was reported in previous semi-annual reports, OIPR reorganized in November 2004 into sections that reflect the current nature of FISA work and to a significant degree mirror the FBI's internal organization. OIPR's current reorganization is discussed below in Part M. (U)

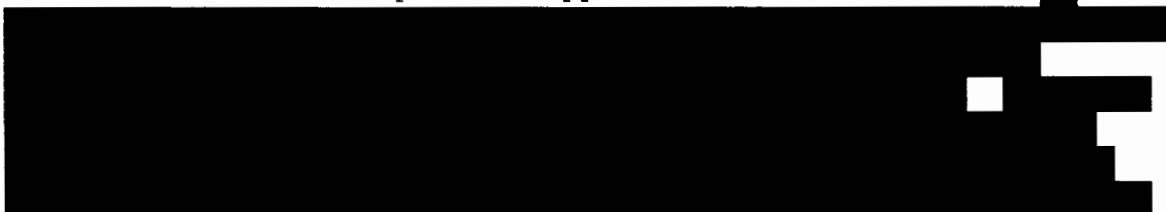
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As reported in the previous Semi-Annual Report, OIPR has also completed testing and has initiated deployment of a computer-assisted document assembly system which is intended to enhance the efficiency of OIPR attorneys and the consistency of FISA applications. This system uses an off-the-shelf software program which has been specially configured with contractor support to meet the unique needs of the FISA application process. This system was deployed in a limited category of cases beginning in the first quarter of 2006 and has had progressive deployment in increasingly complicated cases as final testing and training of OIPR attorneys to use the new system were completed. The transition to the system indicates that, once mastered, its use results in greater time efficiency and standardization of language in the FISA applications. To date, the effort has been embraced by the FISC and advanced our goals of allowing OIPR attorneys to work more effectively with the stakeholders in the FISA process. The system continues to be upgraded to capture more of the numerous variations in applications which must be presented to the FISC and further refined to better respond to changing technologies and developments in FBI operations. (U)

OIPR, the FBI, and the Department's Office of the Chief Information Officer (CIO) also successfully implemented an OIPR-funded project to provide enhanced electronic connectivity at the "secret" and "top secret - SCI" levels between OIPR and the FBI. This connectivity has resulted in an ability to send electronically "secret" and "top secret-SCI" draft and final applications to the FBI. The Department believes that such connectivity, which parallels OIPR's connectivity with the rest of the Intelligence Community that currently exists at the "top secret - SCI" level, will improve our ability to prepare full, complete, accurate, and timely applications for filing with the FISC. (U)

Finally, as discussed in the prior Semi-Annual Report, OIPR has engaged in a continuing effort to streamline the FBI's applications to the FISC through the filing of a techniques submission with the FISC. By compiling a single document with the techniques most commonly used by the FBI to effectuate searches and surveillance authorized by the FISC, the Department has shortened and simplified applications to the FISC.



b1 - per FBI
b3 - per FBI
b7E - per FBI

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b1- per FBI
b3 - per FBI
b7E- per FBI

M. The Creation of the Department's National Security Division (U)

As noted above, on March 9, 2006, the USA PATRIOT Act was amended, in part, to establish in the Department of Justice the National Security Division (NSD). See USA PATRIOT Improvement and Reauthorization Act of 2005, Pub. L. No. 109-177 (March 9, 2006) (28 U.S.C. § 509A). The Assistant Attorney General for National Security serves as the head of the NSD, and the Division consists of elements of the Department of Justice engaged primarily in support of the national security activities and the intelligence and intelligence-related activities of the government, including OIPR and the Counterterrorism (CTS) and Counterespionage (CES) sections of the Criminal Division. (U)

Kenneth L. Wainstein, the former United States Attorney for the District of Columbia, was confirmed by the Senate as the first Assistant Attorney General (AAG) for National Security on September 21, 2006. Mr. Wainstein was sworn in on September 28, 2006. (U)

By order dated September 28, 2006, the Attorney General noted that in order to carry out its functions, the NSD must possess the same authorities and responsibilities for the support of national security and intelligence and intelligence-related activities that previously had been delegated to other officers or components of the Department of Justice. Thus, the Attorney General authorized that: the NSD is authorized to exercise all authorities and responsibilities previously delegated to OIPR, CTS, and CES by means of an Attorney General Order, Directive, Guideline, or Memorandum; that the AAG for National Security is authorized to exercise all authorities and responsibilities previously delegated to the Counsel for Intelligence Policy, OIPR, by an Attorney General Order, Directive, Guideline, or Memorandum; and that the AAG for National Security is also authorized to exercise certain authorities and responsibilities previously delegated to the AAG in charge of the Criminal Division that relate to the national security or intelligence and intelligence-related activities of

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