

**SECRET**

27 October 1950

**MEMORANDUM FOR:** Assistant Director for Policy Coordination

**SUBJECT:** Covert Coordination Committee Plan for the  
Financial Administration of OSO/OPC Project  
PBCRUET.

1. A meeting of the Covert Coordination Committee was held 20 October 1950 to consider the subsidy aspects of a joint OSO/OPC project, PBCRUET. Members attending were as follows:

Central

- ] (Operations Officer, OPC)
- ] (Operations Officer, OSO)
- ] (Staff III, OPC)
- ] (Representative of General Counsel)
- ] (Representative of General Counsel)
- ] (Representative of Finance Division)
- ] (Secretary and Recorder)

**BACKGROUND:**

1. Subject project has the general objectives of developing the intelligence, resistance, and propaganda potential of a dissident national minority group in the USSR. This group has a foreign representation in Germany in the form of a small emigre organization with which it is in contact. OPC will attempt to support the activities of the German element in order to make it possible ultimately to teach and support the internal resistance movement. To enable the group in Germany to expand its propaganda activities, OPC will provide sufficient funds to allow for initiating publication and distribution of a newspaper. The newspaper will be overtly published and distributed in Germany. It will be clandestinely distributed within the USSR through channels provided either by the emigre organization itself or by OPC. The sum of [ ] in German currency will be provided to cover expenses of the first four months of operation.

2. OSO is currently in contact with the group and will initially be the effecting and directing party. The initial funds however, will be provided by OPC, which will ultimately provide a field case officer for more effective field liaison.

3. The initial funds to be provided, [ ], represent an estimate of the publication costs of the newspaper for a period of approximately four months. Prior to the end of this period, the project will be reviewed to determine the need and/or the desirability of further financial support for this specific purpose.

4. Due to the political sensitivity of the external emigre group, there is some doubt as to whether they group will accept any subsidization on any basis except as a loan, regardless of how nebulous the possibilities

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of repayment may be. However, it is expected that a fairly high degree of editorial suggestion and guidance will be possible and that fairly accurate reports on the costs and income of the publishing venture will be obtainable.

FINANCIAL PLAN:

1. After thorough discussion of background, objectives and relationships of the project as submitted by the Operations Officers of OSO and OPC, the Covert Coordination Committee concurred in and recommends the following financial plan:

a. That an agreement be reached with the emigre group, which will clearly establish the considerations under which the subsidization or loan of the funds is undertaken.

b. That the funds be paid over in a single payment in return for a written receipt or acknowledgment of the loan, if appropriate.

c. That the disbursement voucher prepared at the OSO station identify the payment as a "Transfer to Headquarters - Subsidy payment for VLKIVA Project JBCRUET."

d. That the Certifying Officer, Finance Division be authorized to certify to the disbursement as an OPC expenditure, upon receipt or review of the actual acknowledgement of receipt of the funds by the designated representative of the emigre group.

e. That the group be required to submit the best possible monthly reports showing the purposes for which the funds are expended and the revenues derived from the sale of the newspaper.

f. That the project be again presented to the Committee, six months after its implementation or prior to effecting additional subsidization, whichever occurs the earlier. This review will cover:

(1) Such modifications of this plan as were necessary in its implementation in the field.

(2) The possibilities of recovery of the subsidy, if it in actuality is handled as a loan and the manner in which financial control will be exercised over such an intangible asset.

(3) Such other revisions in the plan as may be warranted by developments.

Secretary and Recorder

CONCUR:

SIGNED [ ]  
Operations Officer, OPC

SIGNED [ ]  
Operations Officer, APO

SIGNED [ ]  
Staff III, OPO

SIGNED [ ]  
General Counsel

SIGNED [ ]  
General Counsel

SIGNED [ ]  
Finance Division

APPROVED:

SIGNED [ ] 3rd SAA 10 Nov. '50  
for Assistant Director for Policy Coordination

SIGNED [ ] AD50 22 Nov. '50  
Assistant Director for Special Operations

