

NOV 27 1956

MEMORANDUM FOR: Deputy Director (Plans)
Special Support Assistant, DD/S

SUBJECT : Revised Administrative Plan for the
Proprietary Aspects of SR Division
PP Project AERODYNAMIC

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3828
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

I. Project Objective

1. The objective of this project is to provide for the exploitation and expansion of an anti-Soviet resistance movement for cold war and hot war purposes. The project provides for grants to publish two newspapers which are designed to unify the major emigre groups; for subsidizing a group in PBPRIME which engages in producing radio scripts, leaflets, articles and tapes for broadcasting through PYREX communication facilities; for research by this group on political, economical, biographical and sociological information concerning the target area; for producing an English language publication directed at Afro-Asian countries; and for subsidizing political action in certain WH areas for the purpose of countering the repatriation movement of the Soviets.

II. Instrumentality

2. The instrumentality of this project is a study group in PBPRIME, to be organized as a membership corporation after approval of this Administrative Plan, and a corresponding group in Europe.

III. Need for this Revision

3. The project renewal request anticipates continuation and expansion of activities under the project to undertake the following tasks:

- a. To render financial assistance to AEBEEHIVE, the only organization officially recognized by the resistance group as its spokesman abroad.
- b. To continue support to groups in PBPRIME and Europe for preparation and distribution of psychological warfare

pamphlets, leaflets, etc. in a target country whenever operational conditions warrant such activities.

- c. To continue subsidization of two newspapers.
- d. To utilize broadcast time of two radio installations.

The renewal also anticipates major changes in funding of the activities, as well as changes in accounting and reporting requirements from the cover group. The extant Administrative Plan is therefore being revised to reflect these changes.

IV. Approval

4. On 30 January 1953 the DCI authorized the renewal of the project and approved in principle the sum of [] for Fiscal Year 1953. The estimated budget for Fiscal Year 1954 was [] of which [] was for subsidy payments. The project was approved in the amount of [] for Fiscal Year 1955 and [] for Fiscal Year 1956. The project is presently being redocumented and renewed and funds are being requested for Fiscal Year 1957 in the amount of []

V. Administrative Plan

5. It should be noted that the activation of this Administrative Plan is subject to the approval of funds for the project Fiscal Year 1957. This Plan has been concurred in by the interested staffs and divisions and is recommended for your approval.

15/ []
Chief, Support Staff, SR Division

10/ []
PAPS Project Officer

PAPS/DDS/[]:jpn
(27 November 1956)

AERODYNAMIC
Concurrence Sheet

1/s/C] C/SR/Support 2 January 1957
1/s/E] SR/Log
1/s/C]
SR Division _____
Date 11 October 1956

1/s/E]
SR/COP/PP _____
Date

1/s/E]
General Counsel _____
Date 26 November 1956

1/s/E]
Office of the Comptroller _____
Date 26 November 1956

1/s/E]
Central Cover Branch _____
Date 11 October 1956

1/s/E]
Office of Security _____
Date 11 October 1956

1/s/E]
PP/OPS _____
Date 11 October 1956

1/s/E]
PAPS/DDS _____
Date 27 December 1956

Revised Administrative Plan
for Proprietary Aspects of SR Division
PP Project AERODYNAMIC

I. Budget

1. To enable the SR Division to prepare its annual operating budget for the project the principal agent(s) shall submit an annual basic budget to the Headquarters case officer on or before 1 February of each year for the following fiscal year, beginning 1 July, detailing the estimated operating costs and income for each office maintained by the organization. Insofar as possible this budget should conform with the categories of income and expenses as reflected in the books of account of the organization as prescribed in Section V below.

2. Based on the data received from the principal agent(s) the SR Division shall prepare an itemized operating budget for each fiscal year.

3. Prior to presentation of the project to approving authorities, the responsibilities of the Office of the Comptroller shall be discharged by his designee on the Staff of the SSA-DD/S. Concurrence of SSA-DD/S shall indicate completion of an affirmative review. In the event of a nonconcurrence, the project will be returned through the PP Staff to the SR Division for appropriate action. Annual review of the budgetary data for continuing projects will be effected by the ~~Office of the Comptroller~~ during the processing of annual operational programs and/or project renewals.

SSA-DD/S

II. Incorporation of AERBEEHIVE

4. The Headquarters case officer in coordination with Central Cover Branch and General Counsel shall provide for the incorporation of the group presently engaged in AERODYNAMIC activities in PBPRIME. This group shall be incorporated for the purposes of research and study of international Communism; the publication and circulation of papers, periodicals, books, pamphlets, etc.; to engage in the study of the above subjects; and to engage in other activities as may be provided for in the project outline. The proposed certificate of

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incorporation, constitution and by-laws for AEBEENIVE shall be approved by the General Counsel prior to its incorporation. Amendments to the certificate, constitution, and by-laws shall also be approved by the General Counsel prior to adoption.

5. The Board of Directors of the corporation shall have all of the authorities and responsibilities which are normal for similar type corporations, subject only to the following limitations and requirements:

a. The corporation in coordination with General Counsel shall apply for tax-exempt status.

b. The corporation shall not solicit contributions for its activities without prior approval of SR Division.

c. All officers, directors, and members of the Executive Committee shall be selected by SR Division with the concurrence of Central Cover Branch except that the principal accounting officer shall also have the approval of the Office of the Comptroller.

d. All funds received by AEBEENIVE shall be deposited in a PBPRIME corporate bank account. Withdrawal from this account shall require the signature of two of the officers of the corporation. The SR Division shall advise the Finance Division upon request of the name and address of the bank in which the corporation's account is carried, the title of the account and names of persons authorized to draw funds from the account.

e. The corporation shall have no authority to borrow or lend funds without the prior approval of SR Division, with the concurrence of Central Cover Branch and General Counsel.

f. Office space for the corporation shall not be leased without the prior approval of the Office of Logistics and Office of Security. The corporation will not require title to real estate without the prior approval of the SR Division and the Office of Logistics.

g. The corporation shall have no authority to enter into any contracts or commitments other than personal services

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in excess of \$5,000 per year without the prior approval of Central Cover Branch and General Counsel.

6. Letters of Understanding acknowledging ODYOKE interest in and control of AEBEENIVE and establishing the directors' and officers' relationships and responsibilities to ODYOKE by reason thereof, shall be obtained from each director and officer, together with signed but undated Letters of Resignation.

III. Funding

7. Funds shall be made available to the project in accordance with the project approval. The Finance Division shall advance funds for the project within the amount of the approved allotment upon request of the SR Division. These funds shall be transmitted by Finance Division to AEBEENIVE in a manner concurred in by SR Division and Central Cover Branch.

8. The Headquarters case officer, in coordination with Central Cover Branch, shall instruct CASSOWARY/2, the principal agent in PBPRIME, to attribute these funds on the books of AEBEENIVE to specific or anonymous donors who are interested in and are supporting the activities of AEBEENIVE or to a local attorney acting in their behalf. Central Cover Branch shall arrange appropriate backstepping for this cover story.

9. CASSOWARY/2 shall transfer funds periodically to CASSOWARY/3, principal agent for this activity in Europe and leader of the subsidized European group engaging in psychological warfare activities against the Soviets.

IV. Personnel and Security

10. In the utilization of individuals under this project CSI 10-5 and FR 10-215 shall be complied with. All witting individuals shall execute Secrecy Agreements.

11. Any commitment made to a non-staff person on behalf of ODYOKE shall be embodied in a contract or a Memorandum of Oral Understanding.

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V. Financial Reporting

12. AEBEENHIVE shall, in both PBPRIME and in its overseas activities, maintain financial records and accounts of a type consistent with its ostensible character, as prescribed or approved by the Office of the Comptroller.

13. The following financial statements shall be submitted on a quarterly basis:

a. The overseas activities shall submit to AEBEENHIVE a cash receipts and disbursements statement to include, at least the following categories:

- (1) Cash on hand at beginning of period
- (2) Income received during the period by source
- (3) Expenses of the overseas activities as follows: Salaries
Rent
Utilities
Supplies
Equipment
Subsidy payments, if any, including newspapers, radio broadcasts, pamphlets and posters
- (4) Target of opportunity expenses
- (5) Cash on hand at end of period

b. Upon receipt of the cash receipts and disbursements statement for the overseas activities, AEBEENHIVE shall submit to the SR Division on a quarterly basis, the following consolidated financial reports (except the annual statement of fixed assets) within thirty days following the close of each calendar quarter:

- (1) Balance sheet
- (2) Statement of income and expenses

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(3) Statement of cash receipts and disbursements prepared in a manner to clearly distinguish between funds received from KUBARK and funds received from non-KUBARK sources, if applicable

(4) Statement of salaries paid

(5) Annual statement of fixed assets

14. With respect to the cash receipts and disbursements statement referred to in paragraph 13a, CASSOWARY/3 shall certify on each financial statement that to the best of his knowledge and belief the accounting accurately reflects the financial status of the overseas activities and the disposition of funds during the reporting period.

15. CASSOWARY/2 shall add his certification that to the best of his knowledge and belief the statements accurately reflect the financial status of the organization including the financial statements received from the overseas activities.

16. The Headquarters case officer shall review these financial statements and attach his certification that the funds were expended for the purposes authorized. A certificate from the Division Approving Officer in accordance with KUBARK Regulation 30-200 shall accompany each financial statement.

17. When the financial statements have been reviewed and approved by the SR Division, the original copy of these statements shall be forwarded to the Finance Division for appropriate action and retention, except that a copy of the Annual Statement of fixed assets shall be forwarded to the Office of Logistics.

VI. Writeoff of Funds

18. The Finance Division shall record all funds advanced to AEBEEHIVE as investments of the Agency and as expenditures against the project allotment at the time of disbursement by the Agency. Net changes in the cover instrumentality net worth will be recorded in the investment account upon receipt of the financial statements provided for in paragraph 13b when properly certified and approved as required by paragraphs 15 and 16.

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VII. Writeoff Equipment and Supplies

19. In the event equipment and supplies are issued by the Office of Logistics to AEBEEHIVE, KUBARK accountability for such items shall be dropped at time of issue. Accountability for such items shall then be picked up by AEBEEHIVE and shall be recorded in the AEBEEHIVE system of accounts.

APPROVED, by direction of DD/P

15/ []
Chief, Operations, DD/P

11 Jan 57
Date

AUTHORIZED, by direction of DD/S

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15/ []
Special Support Assistant, DD/S

8 Jan 57
Date

* see change in para 3 of revised plan