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21 May 1954

MEMORANDUM FOR: Chief, Foreign Intelligence

SUBJECT: Project AEACRE (Renewal and Amendment)

1. PURPOSE: Project AEACRE provides SR Division with a Domestic Operations Base (DOB) in the US, to support operations directed against the USSR. The specific activities of DOB, as proposed by SR Division, are: (a) to maintain and operate a training program for agents who will penetrate the USSR, or who will support such penetrations; (b) to maintain facilities for the spotting and assessing of REDSOX agents in the Western Hemisphere; and (c) to maintain a Soviet Area Orientation Program (SAOP) for selected CIA staff employees, until this program can be assumed by the Office of Training.
2. PERSONNEL, EQUIPMENT, AND COVER: The SR Division is requesting a T/O with substantially the same number of slots (60) as at present, and provision for the continued employment of 12 covert associate/instructors, 2 contract agent/spotters in the US and 2 in South America, 1 contract agent/cutout in South America, 6 contract employee/safehousekeeper couples, 1 contract employee/safehousekeeper, and one part-time charwoman. In addition, authority is requested for the hiring of three contract clerical assistant/translators. The DOB consists of one headquarters building, one safe office for covert associates, under G-3 cover, and ten rented safehouses (only nine to be in use at once during normal times.) The safehouses and covert associates are under various covers as circumstances dictate. Authority is requested for 23 vehicles (as compared to 20 vehicles in the past approval period.)
3. METHOD OF OPERATING:
 - a. Spotting and Assessing: No spotting or assessing is conducted in Canada, and CSN 10-6 limits the extent of this work in the US. Exploratory studies of spotting and assessing possibilities in Latin America have shown good potential, and two contract spotters have been hired (one in Brazil and one in Argentina). After a candidate is spotted, a DOB case officer from the assessment team usually visits the candidate to obtain further data. If the man still shows potential, he is then brought to Washington for a full assessment by DOB case officers and members of the Medical, Training and Security Offices.

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- b. Training: After an agent candidate is spotted and assessed by DOB or, in a few cases, by CSOB in Munich, and accepted by the appropriate SR area branch for use in an approved project, movement to DOB for training is authorized by SR/COP. The agent, using an appropriate cover, is placed in a safehouse and from that time on is under 24-hour surveillance. Assessment continues throughout the training period.
- c. SAOP: DOB has planned a four-month course for 6 to 10 students, to begin in September 1954. Three qualified contract instructors have been selected to teach the program, which is designed to orient selected staff employees in the environmental reality of the USSR and equip them to apply this knowledge to REDSOX planning. A recent decision to transfer this program to OTR takes into account OTR's present inability to assume the program, and hence, SAOP will remain in DOB until OTR can assume it. In the interim, staff employee training requirements will be handled by SAOP only if OTR cannot fulfill them. SAOP will operate under G-3, U.S. Army, cover.
4. ACCOMPLISHMENTS: In the two year period that it has been active, DOB has become the principal agent training center for SR Division. The necessary personnel and facilities have largely been obtained, and the level of staff employees is approaching that necessary to fulfill properly the objectives of DOB. Up to 1 February 1954, 41 agents had been accepted for training. Of these, 23 were trained, 11 were withdrawn during training, and 7 were still in training. In addition, DOB assisted in 7 holding or disposal cases, and established tradecraft, Soviet Reality, airborne, maritime and survival training programs. DOB has served as a training ground for SR and CIA staff officers, and has supported the Clandestine Services in a number of other miscellaneous ways.
5. ADMINISTRATIVE HISTORY: Project AEACRE was first approved by A/AD/SO on 22 January 1952, for a total cost of [redacted]. The first approval, covering the period ending 30 June 1952, established DOB on a much smaller scale than its present size but with much the same objectives. DOB was set up to overcome growing difficulties in training REDSOX agents in Germany, Japan and Turkey, and to adjust to the migration of the potential agent pool to the Western Hemisphere. On 2 April 1952, AD/SO, AD/PC and DD/P approved renewal of AEACRE for fiscal year 1953, as a joint OSO/OPC activity. The renewal included authorization for maximum expenses of [redacted] to be shared equally by OSO and OPC. On 8 May 1952, DD/P re-approved AEACRE for fiscal year 1953 at a total authorized cost of [redacted] which included \$32,340 for the Office of Communications, \$165,000 for the period 1 July-31 December 1952, with \$200,000 ear-marked for the balance of fiscal year 1953, subject to further PRC review. While such review was not made, funds were allotted for the full fiscal year 1953 by OSO [redacted] and by OPC [redacted] for a total of [redacted] disbursements for fiscal year 1953, exclusive

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of the Office of Communications, totalled [] On 30 June 1953, SR Division presented to C/FI and PRC a renewal request which included a proposed expenditure of [] for fiscal year 1954. The sharp increase in budgetary requirements occasioned a delay in approval and resulted in review of DOB by the Inspection and Review Staff (a copy of the I & R report, and a statement of DOB's fulfillment of I & R 's recommendations, are attached hereto). DOB, therefore, has been active during most of fiscal year 1954 without formal approval, but with PRC approval in principle as an SR support facility.

6. APPROVAL PERIOD AND COST: Retroactive renewal is requested for the period 1 July 1953 through 30 June 1954, for [] in order to avoid what is considered unnecessary paper work in requesting another renewal for fiscal year 1955, renewal is concurrently requested for the period 1 July 1954 through 30 June 1955, also for [] These figures, totalling [] for the two years, are broken down for each year as follows: compensation, [] DOB does not have to pay for the 14 military personnel detailed to DOB, or for the guards); travel, \$45,000; equipment, \$31,460 (the use of military equipment and installations is saving a considerable expenditure in excess of this amount); supplies and material, \$18,490; real estate, \$45,721; automotive \$11,800; medical, \$2,000; station mess, \$12,000; recreation, \$2,400; contingency for holding, disposal, and other emergencies, \$7,500. (Note: PP and PM interest in DOB has been withdrawn, and approval of the above funds is requested from the DD/P-SR-FI budget for fiscal years 1954 and 1955, subject to the availability of sufficient funds in fiscal year 1955.)

7. FI STAFF RECOMMENDATIONS:

- a. C/FI/OPS concurs and recommends: (1) that DOB consider the possibility of using this facility to undertake the training of certain Caucasian "black" penetration agents, with REDSOX training taking precedence, and (2) that DOB increase its training capacity by getting out of the holding and disposal field.
- b. C/STC, STC/SPB, and FI/Training Officer concur with the recommendations of C/FI/OPS.

Concur []
Chief, FI

[]
Chief, TRANS/FI
Date []

Attachment:
Project Outline AEACRE

FI Staff Concurrences:

C/STC
STC/SPB
C/FI/Ops
FI/Trg. []

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