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FY 1956
(1 July 55 - 30 June 56)

PROJECT OUTLINE

CRYPTONYM AEACRE

HEADQUARTERS CASE OFFICER:

AREA DIVISION SR

STATION Domestic Operations Base

Room No. _____
Extension _____
Date _____

The attached project outline is presented for renewal.

(Sgd.) [Signature] _____
Branch Chief

(Sgd.) [Signature] _____
Chief, Area Division FI Staff

(Sgd.) [Signature] _____
Area Division Chief

25 June 1955
Date

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DATE 2007

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8 June 1955

MEMORANDUM FOR: Chief Plans Staff, FI

FROM : Chief FI Staff, SR Division

SUBJECT : Renewal Request, Project AEACRE as amended

REFERENCES : 1. Project AEACRE Amendment No. 2, dated 17 March 1954.
2. Memorandum from SR/FI to FI/Plans, subject: Renewal Request Project AEBEVEL, dated 10 June 1955.
3. CSI No. 236-1, dated 1 September 1953.

1. It is requested that Project AEACRE be renewed for Fiscal Year 1956. Pertinent information is submitted below in accordance with paragraph 13, CSI No. 236-1.

2. Accomplishments:

a. General

During the FY 1955 project AEACRE maintained a well organized clandestine agent training network in the U.S. This was accomplished securely without compromising the cover of its headquarters building. A rounded cadre of experienced personnel in this organization offers a capability for rapid expansion in fulfillment of much greater training requirements for increased numbers of penetration agents into the Soviet Union in the event of hot war. The staff employee and covert associate personnel assigned to this project have matured in agent handling, training and agent operations directed against the Soviet Union. Fifteen junior career personnel having acquired on-the-job training, have been reassigned to positions of greater responsibility in this field.

The project operated an Assessment and Recruitment Section, the activity of which is covered in detail in Project Renewal AEBEVEL for FY 1956. The financing, vehicular transportation, travel, real estate, security, supply and all other support was supplied by AEACRE during 1955.

During this period AEACRE has offered the services of its specialists in geographic areas, languages and technical fields for various ad hoc requests levied by several echelons of the SR Division; to accomplish such tasks as translating, interpreting, critiquing, and analyzing reports, doing liaison work with friendly intelligence services, briefing of agents based on up-to-date knowledge of certain denied target areas.

SECRET

SECRET

b. The direct and specific accomplishments for the period 1 February 1954 to 1 February 1955 are as follows: (This period covers the normal training cycle for a Springtime dispatch.)

Completed Training:

Penetration agents	- 6
Principal agents	- 1

Withdrawn during Training:

Penetration agents	- 2
Principal agents	- 1

Still in Training:

Penetration agents	- 2
Other agent personnel	- 2

14

Seven (7) other agents were trained, primarily by OTR/PTD/CTB in which SR/DOB participated to the extent of playing a role of liaison and coordination of the training request between OTR and the SR Area Branches, or providing a covert training site, vehicular transportation or an interpreter.

In addition a Norwegian Intelligence Service case officer was trained in personnel balloon launching along with his American case officer counterpart for a joint Norwegian-American project.

Details of the success or failure of the six penetration agents are unknown to the Chief of DOB due to the "need to know" principle. However, it is known that all six were dispatched into denied areas.

c. Measure of training produced against need expressed by Agency and Division customers.

DOB is limited by charter to training Black REDSOX penetration agents. It has met all such requirements levied by the SR Division. Division requests for other types of training, such as REDSKIN, Paramilitary and Principal Agents, have been turned down in accordance with FI Staff and I & R Staff recommendations but have been routed on to OTR/SPB for their action. DOB has cooperated with OTR in such projects to the extent of providing an interpreter, a safe installation or training facility when requested by OTR. However, OTR has fulfilled all such needs for REDSKIN, PA and PM training. Occasionally training is requested on a "crash" basis and difficulties are encountered in procuring a facility and instructors who handle the proper language. This is not unusual but emphasizes the need for prior planning by requesting divisions.

SECRET

3. The measure of FI assets expended is briefly listed below:

a. Personnel Assigned

Staff Employees	43
Covert Associates	10
Safehousekeepers	12
Enlisted Military Guards	5
Total	<u>70</u>

b. Time

Project AEACRE met the support and training requests of the SR Division without loss of time primarily because the Domestic Operations Base was a going concern replete with instructors, safehouses, personnel, supplies, vehicles and funds. Support for the AEFILTER Project was implemented on less than one week's notice, stringent security considerations which apparently were not available either in the Security Office or OO Contacts Division notwithstanding.

c. Security Risk

The security and cover of this project's installations and facilities have been put to unforeseen minor tests and have withstood such onslaughts very well primarily due to the security measures taken with each step of operational and training activity. The severest test was that created by the roll up of the AEROOT project. Even under such trying conditions, there is no probability that the AEACRE Headquarters has been compromised. The two safehouses in which this project was trained were released on 1 February 1954 and 22 November 1954 respectively. It is the opinion of the Chief of DOB that both the security and the cover of DOB are good.

d. Funds

An experience factor has been determined over a period of three years that the average REDSOX agent costs \$12,000 - \$15,000 to train (6 months training). As the total number of agents trained becomes less the overhead costs remain relatively constant which makes the maintenance of the base with a reduced scale of activity more costly in terms of dollars per agent trained. This is true because the factors contributing to the security-life have not been altered and require the same type of necessarily inefficient yet secure methods of administration and operation. It has long been said that there is no such thing as a mass-produced FI agent.

As can be seen from "comments" from staffs, there are numerous sundry "products" which help off-set the overhead costs.

SECRET

SECRET

These in some cases might have been economically and efficiently produced elsewhere, however they were directed by Chief SR or his staff to DOB because of the more covert and secure type support required.

The total funds obligated for the period 1 February 1954 - 31 January 1955 is shown below:

01 Personnel Services	
02 Travel	11,944.99
03 Transportation of things	334.00
04 Communications	1,202.36
05 Rents and Utilities	27,236.06
07 Other Contractual	1,496.31
08 Supplies and Materials	20,742.12
09 Equipment	11,636.24
17.1 Compensation (Contract)	106,185.47
17.9 Other Support	13,290.19

e. Equipment

DOB equipment, as a general rule, is provided only for training phase of an operation and is returned to DOB re-use. It is impossible, therefore, to estimate the depreciation cost of such items during the training period. However, because certain items were not obtainable from the Agency Depot in sufficient time for the scheduled dispatch of the agent, DOB furnished that equipment out of its stocks and issued it on an operational certificate. Such equipment consisted of sterile weapons, special clothing, and other operational items in the amount of \$308.19. Balloons (less gas) and such items as were completely expended during the training phase amounted to \$14,374.58. Helium used for the balloon inflations was furnished by the Air Force without reimbursement. The hydrogen, which was used once, was furnished by DOB at a cost of \$801.17. Expenses of vehicle operation, safehouse expenses and other support costs are included under "Funds" above.

As of 1 February 1954, DOB had an inventory of non-expendables valued at approximately \$171,000 made up of operational and training equipment; office furniture and machines; household furniture and appliances; vehicles; and clothing. During the period 1 February 1954 to 1 February 1955, additional equipment was purchased at a cost of \$11,500. These items consisted of instruments and equipment necessary to the balloon training program, as well as safehouse and office furniture and equipment. This was required to bring stock levels up to the operating standards necessary for the training program as it was estimated at that time. No vehicles were procured during this period since all but one are 1952 models and will remain in good operating condition for at least two more years. However, since the program for FY 1956 has been greatly reduced, preparations are being made to reduce stock levels of all items of equipment accordingly.

SECRET

During the month of May 1955, weapons and ammunition valued at \$16,500 were returned to the stocks of the Washington Depot, and it is anticipated that within the next three to four months additional turn-ins will result in inventory reductions amounting to several thousands of dollars.

4. Extent AEACRE furthered the Approved SR Division Country Plan.

The quality of the six penetration agents' accomplishments in projects AEROOT, AECOB, AECAMP (redesignated AESAFARI redesignated AEHIKER) is the ultimate criteria in determining the extent to which this project furthered the Country Plan. As stated earlier these are unknown to C/DOB in detail, however the audit of the intelligence product from the area branches shows considerable success. This project (AEACRE) assessed, trained, and prepared these six agents for dispatch and by so doing thus directly supported the Division's Country Plan.

5. Summary:

a. Progress toward reaching objectives

Recognizing that theoretically there is no limit to the extent of refinement and improvement of the subject content and clandestine techniques of agent training, it can be stated that real progress has been made toward this goal by refining some of the older and basic subjects and also by introducing training in personnel-carrying balloons as a means of infiltration during FY 54. As far as is known, the two agents trained by DOB along these lines accomplished the first successful penetration of a denied area by balloon followed up by a successful intelligence gathering mission, in this Agency.

Many administrative rough spots have been smoothed out and the approved Administrative Plan with the 2nd Amendment to the project was put into effect during the past fiscal year. The recommendations made by the Inspection and Review Staff have been substantially complied with. Old suspended accountings have been certified, property accountability was vested in the DOB Supply Officer, a DOB property survey board was established, and a new T/O was approved on 4 February 1955 by Austin Thoman, Chief Wages & Classification Division.

b. Comments from Staffs concerning SR/DOB

"..... Participating as an SR/DOB observer ... undertook difficult tasks of coordination, recording and liaison ... exhibited the usual high standard of proficiency and traditional competency we have come to expect of SR/DOB ..." 3 May 1955 - memo from SR/COP/FI re [] signed []

"SR/4 wishes to make note of the excellent cooperation and assistance recently given by SR/DOB Assessment & Recruitment Section. ... It is highly unlikely that a similarly competent assessment could have been accomplished by SR/4 alone." 3 May 1954 - memo from Chief SR/4, signed []

SECRET

SECRET

"... The debriefings could not have been accomplished as thoroughly and as rapidly as they have been if the DOB facilities used had not been available. ... The expenses of rental and maintenance of the two safehouses have been borne entirely out of DOB funds. ... The records of the Chief DOB cannot adequately reflect the accomplishments realized through the expenditure of DOB funds." 21 September 1954 memo from Chief SR/DR, re AEFILTER activities, signed []

"..... Since the trainees are foreign citizens, it is not possible for reasons of security to take them to Isolation. ... SR Division maintains liaison with a facility which can be used by indigenous personnel. It is requested that that site be made available to OTR..." 15 April 1954 memo from Director Training signed [] re SE training request (OKDAZZLE).

"I wish to express my appreciation for the assistance rendered to the SE Division by SR/DOB in connection with ... agent of project THAPPLE. ... The SR training area which was made available ... made it possible ... to receive valuable field training which otherwise would have had to be eliminated from the program ..." 16 September 1954 memo from Chief SE, signed []

"The Office of Training wishes to express its sincere appreciation for the excellent support provided by your office in connection with Special Project THAPPLE. ... Equipment and materials stored - ranges and demolition areas reserved ... assisted our instructors and the student materially ..." 20 September 1954 memo from Director of Training, signed []

"SR/2 wishes to convey its appreciation for ... the services of ... for a special liaison task with the Danish Intelligence Service ..." 16 February 1955 memo from Chief SR/2.

"..... This office wishes to express its appreciation to the DOB Training Staff for its assistance and cooperation rendered in ... training." 17 February 1955 memo from SR/3 W/4, signed []

c. Definite planning for future

During the course of FY 1956 it is planned to scale down DOB from its present capability of supporting seven REDSOX units to three REDSOX training units plus one AEFILTER type sensitive hi-level defector. This reduction will be phased during the next twelve months to permit smooth concurrent changes among Staff employees, in vehicles, safehouses, safehousekeepers, equipment, supplies and material, and funds. The purpose of this plan is to bring SR/DOB to the size necessary to support a de-emphasized Agency REDSOX program. Experience of FY 1955 has proven that REDSOX missions are becoming more scarce due to high level considerations and indications are that such scarcity is expected to continue.

SECRET

SECRET

The scope of the Assessment and Recruitment Section of SR/DOB will remain essentially the same for FY 1955. However, this operational activity which supports the entire SR Division will be removed as a package from AEACRE. The approval of AEBEVEL Project Renewal submitted on 10 June 1955 as a memo from SR/FI to FI Plans will provide for a separate FI project AEBEVEL having its own "Allotment Account Number". This is desirable in view of the planned transfer of the five staff employees as a support staff to "J" Building as soon as office space is available. Thus the direction and support for the Assessment and Recruitment activity will be provided not by SR/DOB but by SR/FI. The 5 AEACRE T/O slots for this Section will be deleted and picked up by the SR Division Headquarters T/O by a separate administrative action. Ol compensation for the Staff employees of the Assessment and Recruitment Staff implementing the AEBEVEL project are not provided by AEACRE as in FY 1955, but will be provided by the SR Division Headquarters Country Plan in the amount of 4 incumbents at approximately \$5200 per for FY 1956. All operational expenses will be charged to AEBEVEL. AEACRE will provide only sterile vehicular transportation.

It is planned that the site for DOB Headquarters will be moved in the next few months. This is made necessary by lessor's refusal to renew a lease expiring 1 August 1955. The DD/S Logistics Office will be requested to provide several vans and a labor force to help move this installation before the winter sets in. Security is vital. Therefore, the move should be accomplished in one day. This project does not provide funds for the movement.

d. Changes necessary

(1) Assessment and Recruitment Section Project AEBEVEL be physically transferred to J Building and be slotted on the SR Division T/O per paragraph 5 c above, during FY 1956. No change is necessary as of 1 July 1955 except that this activity be authorized as a new project AEBEVEL now being separately processed for approval and excluded from AEACRE. This exclusion is reflected in the AEACRE Budget.

(2) No change in the T/O is necessary at this time. However, the present incumbent strength of 43 will not be exceeded and by 1 July 1956 will be reduced to approximately 35.

(3) The forecasted obligations for FY 1955 total [] Budget changes are reflected below. (See Tab A for FY 1956 Budget.)

(4) The following ceilings approved for FY 1955 are changed to those under column headed FY 1956:

SECRET

<u>FY 1955</u>		<u>FY 1956</u>
12	Covert Associates/instructors	9
10	Contract employees/Safehousekeeper couples	7
1	Contract employee/Safehousekeeper	1
1	Part-time charwoman	1
3	Contract clerical assistant/translator	1
1	Headquarters Bldg.	1
1	Safe office for Covert Associates	1
9	Rented Safehouses	4
23	Vehicles	12

(5) The Security Officer appointed with the approval of I & S will be reassigned during the year and his duties will be absorbed by the Administrative Officer if concurred in by I & S.

FI Staff, SR Division

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SR/DOB Budget
Fiscal Year 1956

I. Compensation (.01)

A. Staff Personnel

Based on average 21 persons on duty at [] [] [] []
per, including overtime

B. Contract Personnel (17.1)

1. Covert Associates

9 contract Instructors and clerks @ average
\$4800 annually 43,200.00

2. Contract employees (17.1)

3 Safehousekeeper couples @ \$3600 annually 10,800.00
1 Safehousekeeper @ \$1800 1,800.00
1 Caretaker @ \$2400 2,400.00
1 Charwoman @ \$50 per month 600.00

Total Staff (.01) \$119,902.00

Total Contract (17.1) \$ 58,800.00

II. Travel Expense (.02)

Based on average around \$450.00 per month for other than
A&R and about \$1500.00 per unit for 3 units proposed 10,000.00

III. Transportation of Things (.03)

There has been little or no shipment of things during the
last 2½ years. 500.00

IV. Equipment (.09)

A. Training Support - to include Survival, Airborne,
Maritime, Ordnance, Training Aids, Clothing, Photo
and Individual Equipment 3,254.30

B. Admin Support - to include Office, Household,
Recreational, and Transportation Equipment 5,245.70

V. Expendable Supplies & Materials (.08)

A. Training Support 7,633.00

B. Admin Support 3,802.00

SECRET

SECRET

VI. Operating Expenses

A. Real Estate

1. <u>Rentals</u> (.05)		
4 Safehouses @ average \$250.00 per month		12,000.00
1 Hqtrs. Building @ \$400.00 per month		4,800.00
1 Warehouse @ \$50.00 per month		600.00
2. <u>Utilities</u> (.05)		
<u>Electricity</u>		
4 installations, 12 mos. @ \$20.00 per mo.		960.00
1 Hqtrs. Building 12 mos. @ \$60.00 per mo.		720.00
<u>Fuel</u>		
4 installations 6 mos. @ \$50.00 per mo.		1200.00
1 Hqtrs Building 6 mos. @ \$225.00 per mo.		1350.00
<u>Water Tax</u>		100.00
<u>Telephone - (Comm. .04)</u>		
4 installations 12 mos. @ \$16.00 per mo.		800.00
1 Hqtrs Building at average \$200.00 per mo.		2400.00
3. <u>Real Estate Maintenance</u> (.05)		
<u>Cutouts, Repairs, Maintenance and Alterations</u> (\$400.00 each S. H.)		1600.00

B. Automotive (.08)

1. <u>Gas & Oil</u>		
11 vehicles, 12 mos.)		
1 truck, 12 mos.)		
	Gas	2400.00
	Oil	80.00
2. <u>Repairs & Maintenance</u>		5500.00
11 vehicles, 12 mos.		
1 truck, 12 mos.		

C. Medical (.08)

Medical Services for Agents 2000.00

D. Station Mess (Safehouses) (1.08)

4 Safehouses for 12 mos. @ \$3600.00 per yr. per house 1440.00

E. Recreation (17.9)

Recreation and Entertainment of Agents 2000.00

SECRET

VII. Other Expenses (17.9)

A. Special Functions

The emergency holding of recruited agents pending processing, dispatch, and/or disposal \$3,500.00

B. Emergency

Emergency settlement of claims for a special nature, as provided for in Administrative Plan and in Personal Services contracts. 2,500.00

TOTAL BUDGET []

Notes:

1. The AE-ACRE project submission in the SR Country Program for Fiscal Year 1956 included the functions written into renewal project outlines of AE-ACRE and AE-BEVEL.
2. The division of functions, (AE-ACRE - training) and (AE-BEVEL - assessment and recruitment) is for clarity and change of control.