

NOV 30 1953

ATT. TO
TS 2112

MEMORANDUM

TO : Deputy Director (Plans)

SUBJECT: Administrative Plan for SR Division
Proprietary Project AEMARSH

I. Objectives

1. The purpose of this project is to utilize all possible existing legal means to penetrate the Latvian SSR in the gathering of intelligence on the Soviet regime. Specifically, the objectives of the project are as follows:

- (a) To spot, develop and train long-range covert personnel with specialized qualifications who will be or are strategically placed within the periphery of the Soviet union and its satellites, and who would be engaged in exploiting all legal channels which lead into or out of the Latvian SSR;
- (b) To spot and develop all existing cultural, academic and recreational ties with the Latvian SSR for intelligence exploitation;
- (c) To spot and develop all commercial ties with the Latvian SSR for intelligence exploitation; and,
- (d) To spot and develop all postal and other legal communication facilities with the Latvian SSR for utilization in the covert transmission of intelligence as well as the interception of all overtly transmitted intelligence.

II. Instrumentality

2. A cover facility has been established and is known as AEMINX. AEMINX is a non-profit cultural organization engaged in the preservation and development of Latvian national culture, collection and classification of information on Latvian national life and the safeguarding and preserving the physical, spiritual and moral condition of Latvians who are separated from their homeland. Agency control of AEMINX has been attained by the installing of three (3) agents (one covert associate and two unpaid agents) on its three (3) member executive committee. The nine (9) member organization is comparatively easily controlled by the insertion of elastic clauses in its by-laws which provide the executive committee with sufficient leeway

to engage in certain tasks for which it has special funds and for which it does not account to the members of the organization.

3. In event there is a substantial increase in the membership of AEMINX, its possible overt sources of income will be membership dues, profits from organized social functions, net profits from publications, contributions, etc. Although AEMINX would no doubt dissolve if the Agency's financial support or the agents were to be withdrawn, it could conceivably continue to function as a completely non-operational and unrelated cultural entity with support gained elsewhere. At the present, the Agency is only furnishing financial support to the organization for the payment of certain housekeeping expenses such as a part time secretary, telephone, mail, travel, etc., incurred by the organization.

4. The Administrative Plan makes provision for the formation of AEMETHOD (non-profit membership corporation) whose primary function is to furnish financial support to AEMINX for the payment of these housekeeping expenses incurred by AEMINX. AEMETHOD shall also serve as a backstop for the cover activities engaged in by AEMINX. Attention is invited to the fact that a large portion of the budget for this project involves monies of operational use for salaries of agents, purchase of information, special equipment, etc., which will be transmitted by the case officer and will not be handled through AEMETHOD or AEMINX.

III. Budget and Project Approval

5. Project AECOB was approved on 24 October 1952 by the Chief, FI, as a joint FP/FI activity aimed at the Latvian SSR. The Chief, FI, authorized the sum of \$ [] for Project AECOB for the period 1 October 1952 to 30 September 1953, inclusive. This period was extended to 30 November 1953.

6. It is to be noted that the FI operations undertaken by Project AECOB involved both REDSKIN and REDSOX type of activities while Project AEMARSH makes provision only for REDSKIN type of activities. The total budget proposed for Project AEMARSH for the remainder of Fiscal Year 1954 is in the sum of \$ [] .

IV. Administrative Plan

7. The attached Administrative Plan has been concurred in by the interested staffs and divisions, as evidenced by the attached concurrence sheet, and is recommended for your approval.

[]
Project Officer

[] [] []
Project Administrative Planning Staff, DD/A

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AEMARSH
CONCURRENCE SHEET

/s/ []
SR Division

30 November 1953
Date

/s/ []
Office of General Counsel

30 November 1953
Date

/s/ []
Office of the Comptroller

27 November 1953
Date

/s/ []
Cover Division

30 November 1953
Date

/s/ []
Personnel Division

30 November 1953
Date

/s/ []
Staff C/SPB

27 November 1953
Date

/s/ []
Security Office

30 November 1953
Date

/s/ []
Commercial Division

30 November 1953
Date

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AEMARSH
Proprietary Project
Administrative Plan

I. Cover

1. The purposes for which AEMETHOD is to be formed shall be:

- (a) To foster and preserve the basic independent Latvian national culture, and encourage the development of information and democratic activities that will contribute to this end; and,**
- (b) To render financial and moral assistance to organizations and individuals dedicated to such purpose.**

2. The initial primary function of AEMETHOD is to serve as a funding mechanism to furnish financial support to AEMINX for all its housekeeping expenses. AEMETHOD shall also serve as a backstop for the cover activities engaged in by AEMINX. AEMETHOD shall neither seek nor request publicity and it shall not accept donations from private sources except for security reasons as approved by the Cover Division. The transmittal of funds from AEMETHOD to AEMINX shall be made only for purposes having approval of the SR Division.

II. Organization and Management of Business

3. AEMETHOD shall be a non-profit membership corporation and shall be fully Agency controlled. AEMETHOD shall maintain an office address for the conduct of its business matters. AEMETHOD shall have three (3) directors who shall also be the officers.

4. All operating and corporate expenses incurred by AEMETHOD shall be paid from funds advanced by the Agency.

III. Budget and Financial Arrangements

5. Agency funds shall be made available for the operation of the project on the basis of an annual budget prepared by the SR Division and concurred in by the Office of the Comptroller, and by the Commercial Division with respect to the housekeeping expenses of AEMETHOD and AEMINX. This budget and the allotment of funds thereunder shall be in accordance with the terms and conditions of the project approval.

6. Upon the appropriate request of the SR Division, the Finance Division will advance funds for the project within the amount of the approved allotment.

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7. AEMINX shall have funds made available for its housekeeping expenses in an amount not in excess of the amount provided for in the project approval. These funds will be transmitted through AEMETHOD.

8. Funds shall be advanced by the Finance Division to AEMETHOD periodically as required in amounts deemed sufficient to maintain its adequate cash position.

9. Funds advanced to AEMETHOD shall be introduced as ostensible donations in a sterile manner. The Cover Division shall approve the manner in which such funds will be transmitted to AEMETHOD with the concurrence of the Office of the Comptroller.

10. Any change in the structure of AEMETHOD shall require the prior approval of the Commercial Division, SR Division, Cover Division, Office of the General Counsel, and the Office of the Comptroller.

11. The basic reports of AEMETHOD shall consist of a quarterly balance sheet reflecting the financial position at the close of each quarter, income statement and schedule of all payments to its personnel showing the names of payees and the purpose of each payment. The statements of AEMETHOD shall be subscribed to by a responsible officer of AEMETHOD. In addition, quarterly statements of cash receipts and disbursements of Agency funds provided to AEMINX will be furnished through AEMETHOD, showing the purposes of expenditures. The statements of AEMETHOD and AEMINX shall be certified by the Project Case Officer and approved by the SR Division. Copies of these reports, supra, shall be furnished to the SR Division, Cover Division, Commercial Division and the Finance Division.

12. The Finance Division shall record all funds provided to AEMETHOD as an investment of the Agency and as expenditures against the allotment to the project. The Authorized Certifying Officer shall have the authority to increase or decrease the investment account of AEMETHOD on the Agency's records to reflect the net worth of AEMETHOD as shown on the balance sheets submitted.

13. All funds advanced (other than to AEMETHOD) for the project by the Finance Division shall be recorded as an advance and an expenditure against the allotment to the project at the time the advance is made. Upon receipt of accountings from the payees covering such advances, or certifications in lieu thereof from the individual accountable, the amount involved will be cleared by the Finance Division from the advance account and charged to project cost.

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14. The Finance Division shall establish a memorandum account to reflect all funds transferred to AEMINX (subsidiary phase of the project) as evidenced by the financial statements of AEMETHOD. The memorandum account will be cleared on the basis of the utilization of such funds by AEMINX as evidenced by the monthly statements of cash receipts and disbursements.

15. The withdrawal of funds from the bank account of AEMETHOD shall require the signature of such officer of AEMETHOD as designated by the SR Division and approved by the Commercial Division.

16. The SR Division shall, upon request, furnish the Finance Division with the name and location of the bank in which the business account of AEMETHOD is carried, the title of the account and the name of the person(s) authorized to withdraw funds from the account.

IV. Protection of U.S. Government Interest

17. AEMETHOD will be incorporated in a state selected by the SR Division with the concurrence of the Office of the General Counsel. The articles of incorporation of AEMETHOD and its by-laws shall have the prior approval of the Cover Division and the Office of the General Counsel.

18. Selection of officers, directors and employees of AEMETHOD shall be the responsibility of the SR Division, with the concurrence of the Commercial Division, provided that the chief accounting officer of AEMETHOD shall either be selected by or concurred in by the Office of the Comptroller. Prior to use or employment under this project, all persons who will be made witting of either this Agency or the United States Government's backing, shall be previously cleared by Staff C or the Security Office. Available data on all other persons, who are deemed to be in a position to become witting of the operational details, or to compromise, embarrass or interfere with the project, must be submitted through Staff C for security review.

19. The minutes of the directors and members meetings shall be reviewed by the Office of the General Counsel. The originals shall be retained by AEMETHOD. Copies of the foregoing documents shall be furnished to the Commercial Division and the SR Division.

20. Undated letters of resignation shall be executed by all officers and directors of AEMETHOD, and shall be filed with the Commercial Division.

21. All personnel authorized to sign checks or to handle funds of AEMETHOD or AEMINX may be adequately bonded by an approved insurance

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company as determined by the Commercial Division and the SR Division.

22. An appropriate accounting system, which will properly reflect the activities of AEMETHOD shall be provided by the Office of the Comptroller, with the concurrence of the Commercial Division and the SR Division.

23. All witting officers and/or members of AEMETHOD and AEMINX shall be under contract or agreement with the Agency. The Agency contract(s) outlining, in part, their authorities, shall be prepared by the Special Contracting Officer and concurred in by the SR Division and the Office of the General Counsel

24. Any contract executed by AEMETHOD shall have the prior approval of the SR Division, Commercial Division and the Office of the General Counsel.

25. The Office of the General Counsel shall assist the SR Division in filing the necessary papers to obtain tax exemption for AEMETHOD.

V. Expense Account Policy

26. Travel and entertainment expenses, if any, of the members of the Board of Directors, officers and other key members of AEMETHOD and key members of AEMINX shall be on an actual, reasonable and necessary expense basis and shall be reviewed by the SR Division and the Commercial Division. These expenses shall be supported by appropriate documents such as receipts, certifications, etc.

VI. Audit

27. AEMETHOD shall be audited at least annually and the audit program shall be determined and carried out in accordance with Agency regulations.

VII. Liquidation

28. This Project shall not be liquidated without the prior approval of the DD/A and the DD/P.

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AEMARSH

RECOMMENDED APPROVAL

/s/ []
Chief of Administration, DD/P

30 November 1953
Date

AUTHORIZED

/s/ []
Acting DD/A

1 December 1953
Date

APPROVED

/s/ Richard Helms
for DD/P

3 December 1953
Date