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Office Memorandum • UNITED STATES GOVERNMENT

TO : MEMO FOR THE RECORD

DATE: 30 July 1951

FROM : General Counsel

SUBJECT: Items for the Daily Log - 30 July 1951

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2. Attended, with Mr. Saunders and Mr. Peel, meeting of State Department and Defense representatives to discuss support of Psychological Strategy Board. There was general agreement on the budget and T/O proposals and having State perform the administrative support provided legal complications were overcome. These included appointments in super grades and payment of travel expenses for Mr. Gordon Gray. On the super grades, I shall discuss with a State Department legal officer and Mr. Lyle Fisher of the Comptroller General's office how best the personnel actions and salary payments can be handled. Upon Mr. Gray's travel expenses, Mr. Folke of the Bureau of the Budget is to determine what commitments were made and whether the Emergency Fund of the President may be available. He and Mr. Brown of the Defense Department, General Counsel's staff, agree that the Comptroller General's ruling at the present forbid payment of such travel expenses.



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4. Discussed with [redacted] of Commercial Division, his employment in view of his retired status. His retirement in 1931 was incident to the service and he therefore could be appointed to a staff position in the Agency, but since it was not a combat casualty retirement, he will have to elect between his retired pay and his civilian pay. His retired pay is fully exempt from income tax and, consequently, nets approximately the equivalent of \$12,000 gross income from salary. [redacted] could, of course, receive consultant's compensation in addition to retired pay if he acted purely on a consultant capacity on a truly intermittent basis and were paid by fee for each day on which service was performed. As full-time head of the Commercial Division, however, he appears to be holding a regular staff position which is incompatible with the definition of consultant service. On this basis, I do not see how we can guarantee against collection back if we set the contract on the basis of an intermittent consultant.

5. [redacted] asked for advice on turning down a covert application because of personal activities of the applicant related indirectly to security problems. After discussion, advised him to consult with [redacted] and call on us if we could help him make a satisfactory plan.

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