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Exhibit "B"

5 February 1951

MEMORANDUM FOR THE RECORD

SUBJECT: Special Commodity Assets (General Ledger Account No. 350).

1. At this date there is a balance in the General Ledger Account No. 350 entitled "Special Commodity Assets on Hand" in the amount of \$14,946.61. This account represents items of jewelry and gems carried forward from SSU as recorded in CIA Vouchers 1675 and 6288 in the amounts of \$14,945.61 and \$1.00, respectively.
2. These items are presently carried at a total book value established on the records of SSU. These values are relatively meaningless and have little or no relationship to actual values. Many of the items are valued at actual purchase cost in low-cost foreign currencies but subsequently converted into dollar values at official rates of exchange. These items are, therefore, overvalued for the most part. Other items are of unknown origin or cost and are on the books at nominal values.
3. Accordingly, the Finance Branch requested that an appraisal of these items be made by the U. S. Treasury Department, Customs Service. Attached hereto is an appraisal prepared by the Customs Service on 24 November 1948. In order to dispose of these items by issue to various operations it is felt that the appraised value is the proper value to record such issues.
4. Since these items were procured by the predecessor organization, and the asset value transferred to CIA was based on an unrealistic book value it appears appropriate that any gains or losses by reason of the revaluation to the assessed value should be charged or credited to the predecessor organization. It is recommended, therefore, that the amount of \$8,858.39 (the difference between the book value of \$14,946.61 and the appraised value of \$23,805.00) be credited to SSU Exchange Equalization and the Asset Account be written up to the appraised value on the books of CIA.
5. Because of the intrinsic value of the jewelry and gems they will be carried as money, the same as foreign currency, gold coin, and gold bullion, rather than as an item of operational supply. The physical custody and responsibility for the issuance in accordance with existing regulations will rest with the Special Monetary Unit. The General Ledger Account No. 350, Special Commodity Assets on Hand, will be closed out and Special Monetary Unit will be charged with the appraised value of these items in Account No. 302, Foreign Monies on Hand.

APPROVED:

Chief, Certification and Liaison

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Deputy Comptroller

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