

15 January 1946

MEMORANDUM FOR: Maj. Gen. S. Leroy Irwin

SUBJECT: Assets of SSU for Peace-time Intelligence Procurement.

SSU today possesses the essential personnel, techniques and facilities for all the complex phases of clandestine peace-time intelligence procurement. In addition the agency is serving the occupation forces in Germany, Austria, SHAC, and China, continuing responsibilities developed during hostilities. Except in SHAC, proposals to withdraw from these commitments, in order to concentrate on long range future operations, have been opposed by the Theater commanders concerned.

At present the primary objective of SSU is to convert its unique assets into the foundation for clandestine peace-time intelligence procurement. Work has been proceeding steadily despite such handicaps as repeated reductions in budget and personnel quotas and the general uncertainty as to the future of intelligence organization. This has resulted in the loss of many key officers and personnel.

SSU's paramount asset is its personnel, qualified and seasoned after four years of operation covering not only zones of active military combat but also areas where peace-time conditions prevailed. Many among the individuals who have left SSU constitute a pool of recoverable personnel for future work. Selected rosters noting particular qualifications and talents have been compiled and are being kept current.

Long range clandestine intelligence procurement depends on secrecy, inconspicuousness and individual devotion to duty. Personnel must be meticulously checked for reliability, without there being revealed the purpose for the investigation. Training must not permit too deep a knowledge of the organization, to protect against individual divulgence or compromise. Procedures must be flexible to permit coordinated development of various sources of information and opportunities for penetration.

"Covers' identities must be lived completely yet adapted to the assignment. And above all a break in security should not reflect on or compromise the United States, nor can official channels be called on for succor.

Secret Intelligence - the SI Branch.

Techniques: SI personnel are experienced in the basic techniques of procuring and handling clandestine foreign intelligence data:

1. Locating, screening, recruiting and indoctrinating operatives, agents and staff personnel.
2. Planning, mounting and supporting clandestine intelligence operations.
3. Collecting and reporting clandestine military, political, economic, sociological and scientific intelligence.
4. Cross-checking, evaluating, processing and disseminating such reports locally and laterally in the field and to users in Washington.

Personnel: All key branch personnel whether now in the United States or abroad have had responsible experience in some or all of the techniques in the field during the past four years, - in neutral, allied or enemy countries. Some who have already returned to civilian occupations desire to resume clandestine intelligence work abroad in the future under suitable cover. Others, still on duty in foreign countries, are well qualified for operations direction or supporting posts at headquarters, Washington. Still others, who have become suspected for clandestine activities in the areas where they are at present active in a semi-overt status, can nevertheless after a lapse of time be used elsewhere either in Washington or abroad.

In certain regions where it has been necessary to discontinue operations owing to lack of authority, funds, or facilities local agents who have served American secret intelligence purposes well have been "sealed off", with arrangements made to resume contact in the future.

Records and Working Files contain:

1. Processed intelligence reports, received from the field during the past four years, indexed for prompt use, numbering into tens of thousands.
2. War diaries, field histories, records of operational experience and manuals of intelligence doctrine and techniques.
3. Well-indexed files on U.S. personnel (citizen or resident) who have specialized knowledge of persons, subjects and objects located abroad,

- 3 -

together with detailed interrogations of them concerning that knowledge.

4. The most comprehensive bibliography in the United States of the literature of espionage.

Liaison: Highly productive liaisons were established during war-time with British, French, Belgian, Czech, Danish, Dutch, Norwegian, Polish, Siamese and Indo-Chinese intelligence services. In addition, certain relations were developed with the secret services of such neutral countries, as Switzerland, Sweden, Spain and Turkey.

These foreign liaisons are a continuing SSU asset that according to their principles can only be maintained by an American secret intelligence counterpart. They will be of unique value in peace-time in that other countries, in seeking American support, will voluntarily supply information otherwise difficult to obtain.

Current operations are of two general kinds:

1. Extensive semi-overt operations in areas under military commanders - Germany, Austria, China and Southeast Asia. These will terminate when the military need ends. Meanwhile these areas of occupation are proving to be excellent bases from which to operate into countries outside the areas, in transition to long-term peace-time clandestine operations. Similar operations are taking place in and out of Switzerland, Sweden, Italy, and Greece to all of which it is planned to send new personnel operating under new directives.
2. Long-term operations on peace-time basis are today well established in seven countries of the Near East and four of Northern Africa. These are true clandestine operations of permanent value.

Plans have been drawn in detail for clandestine operations in the Far East. They are complete and can be put into full effect in eight months time. Plans are being implemented for gradual expansion of Near East operations and enlargement of work in Africa.

- 4 -

Staff studies are now in process for long-term operations in key European countries. These must be implemented country by country, since the restoration of certain normal conditions is essential to the establishment and maintenance of successful cover.

Morale and physical subversion branches of SSU have been liquidated but selected personnel have been integrated into the SI Branch. In addition to specialized interpretation of reports they maintain complete files on techniques and operations to furnish the basis for positive planning for, or defense against, future subversive propaganda, sabotage or guerrilla activities.

Counter-Espionage - the X-2 Branch

Techniques: The X-2 Branch is in the unique position of being the only operating American counter-espionage organization with coordinated coverage in both military and non-military areas outside of the Western Hemisphere. Its tasks are to:

1. Observe, report on and correlate information concerning the activities of all foreign intelligence services and related secret organizations.
2. Advise and assist the appropriate executive agencies of the United States Government in frustrating such activities of these services as may be detrimental to American interests.
3. To protect clandestine intelligence operations of United States Government agencies.

The branch operates by the use of agents and double agents to obtain information concerning not only foreign intelligence personnel and their activities but also the structure and policies of their organizations. It works in close liaison with related American agencies in obtaining relevant information. On matters where the security of American interests is not jeopardized, it works in liaison with foreign counter-intelligence agencies to obtain data on matters and individuals of mutual interest. The intelligence services of smaller nations in particular show a marked interest in making available to SSU, which they regard as their American counterpart, counter-intelligence material on subjects

- 5 -

which they wish made known to the United States Government and which might otherwise not reach American sources.

Personnel: X-2 has developed a staff of specialists in procuring and correlating counter-espionage intelligence with over three years' active operational experience. They work in close liaison with such executive and law-enforcement agencies as State Department, G-2, ONI, FBI and Treasury supplying them with incoming information of special interest. In military areas, such as Germany, Austria, Italy and China, X-2 personnel operate as Special Counter-Intelligence Units which work in close liaison with G-2 Headquarters to conduct clandestine operations against foreign intelligence and sabotage organizations, assist in the interrogation of captured enemy agents and intelligence officials, analyse relevant captured enemy documents. X-2 complements the work of CIC in security matters of local interest, and receives CIC intelligence of broader than local significance.

In non-military areas, X-2 personnel generally operate in State Department diplomatic and consular offices particularly in major countries in Europe and the Near East. They X-2 representatives serve American Foreign Service Officers with advice and assistance on security against penetration by foreign intelligence services, and with security checks on native employees, applicants for United States visas or other individuals with whom the officers are in touch. They also maintain appropriate liaison with local counter-intelligence and police officials.

Records: Washington X-2 headquarters are the central operational center and collecting point for all information sent in by the field stations and representatives. Here exists a central file of information on over 400,000 individuals who are in one form or another connected with foreign intelligence and otherwise secret organizations whose activities are or may be inimical to American interests. In addition there are maintained comprehensive detailed studies of the structure, policies and operations of foreign intelligence agencies.

Communications

Clandestine intelligence procurement requires highly specialized rapid and secure communications, maintained throughout with complete secrecy and concealment of equipment.

The Special Communications Branch is staffed by personnel who have served with distinction in the Overseas, and whose duties are an integral part of operations and the Branch is responsible for communications training of agent personnel and for establishing all types of communication links. Techniques and equipment were developed to protect the agent transmitting from deep inside enemy-held or occupied territory.

Working in close cooperation with Army and Navy laboratories research has been carried out with the most advanced electronic and specialized equipment, both manual and automatic, to adapt devices conceived for war conditions to permit new scope for peacetime clandestine activities. The expert technicians undertaking this research are still with OSU or are largely recoverable.

Cover and Documentation

This Branch through research and field experience can supply documentation and other items essential to provide details of physical "cover" and proper identification for agents. Its personnel have acquired knowledge of methods for producing blank documents of perfect accuracy and have developed techniques for the manufacture of papers of exact fineness, weight, color and texture and with authentic watermarks.

Methods of secret writing have been refined by OSU chemical researchers beyond detection by tests presently known to American and foreign agencies.

Special Funds

OSU Special Funds officers were active in all theaters and in neutral countries furnishing foreign currencies to secret agents to permit carrying out their activities. Through purchases and sales carefully coordinated by Washington headquarters, large sums of enemy and neutral currency were obtained without permitting any but an insignificant amount of U.S. money to reach enemy hands.

Supporting Services

Personnel Administration. The selection and placement of personnel in specialized positions in a clandestine organization is a task which requires special knowledge of languages and countries and in addition, high standards of security, and emotional stability. A program of psychological assessment was instituted during the very beginning with one of the most careful reporting on individual effectiveness in the field. Thus the potentialities of OSU personnel were

- 7 -

matter of continuous records and the relative merits for intelligence work of various personality traits and attributes have been analyzed for guidance in future recruiting. These records, assessment methods, and trained personnel remain a significant SSU asset.

Training has been continuously readapted and expanded in the light of experience, and today new training manuals based upon the requirements for peace-time are nearing completion. The personnel, experienced in training and handling agents not only in Washington but in the field, remains with SSU or is to a large extent recoverable.

Security: Security officers have been on duty with all detachments and field mission headquarters. Following policies coordinated at Washington headquarters the standards of security within the agency have been high throughout, despite the varied nature of the agency's functions and stations of duty. These standards will require even more meticulous attention in peace-time world-wide operations.

Reproduction: SSU has a fully equipped printing plant for printing, offset, photostat, osalid mimeographing with security standards and efficiency so high that the most highly classified material from the White House and the Joint Chiefs of Staff has been entrusted to it. The personnel responsible for wartime work remain intact and prepared to continue their essential role in assuring undelayed and fully secure copying of even the most complex illustrated intelligence reports.

Services: Procedures fitted to clandestine operations require the complete cooperation and understanding of services units. Liaisons with Army, Navy, and Civil Service have permitted the adaptation of existing procedures to the needs of intelligence personnel. Special compensation, insurance, and hospitalization formulas have been worked out to serve the individual while maintaining security with regard to his work. Transportation and supply officers have become trained to meet the most specialized requirements of intelligence agents.

John Magruder
Brig. Gen., U.S.A.
Director