

17 April 1951

MEMORANDUM FOR: ADPC

SUBJECT : Salary and Allowances: President, DTPILLAR

1. The control plan for DTPILLAR sets forth a salary range of \$13,000-\$16,000 for the president of DTPILLAR. My candidate for this position was approved by the Executive Committee, DD(P) and yourself, subject only to our collective proviso that at some later date a bigger man might be required, whereupon the candidate would revert to vice-president for operations; the candidate has in fact been elected president of DTPILLAR by the Executive Committee.

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2. It had been long planned that the candidate, a staff employee with some seniority in grade GS-15, would resign from the Agency and accept an Agency contract at the minimum authorized salary level of \$13,000, plus a maximum representation allowance, payable against vouchers, of \$300 per month. During the past few days it has developed that there is considerable sentiment within the Agency which questions the implementation of this plan on the grounds of justification, propriety, and impact on the morale of other employees. I personally feel that the original plan can be justified on all counts, and I have made my position known to a number of senior Agency officials. I fully recognize, however, that it would be impolitic to further belabor this point—not vis-a-vis yourself but in consideration of wider issues.

3. The alternative proposal, which has been discussed with DADPC and SAI, is advanced for approval in order to resolve this problem. One basic criterion has been maintained, namely, that the individual be enabled to carry out his duties without financial loss and, indeed, be in a position to save annually something in the nature of \$1,000.

a. That the individual be transferred to covert staff agent status and that he be slotted against a GS-16 position to be set up for project DTPILLAR.

b. That he be employed by DTPILLAR at a salary of \$13,000; that arrangements be effected for him to return the difference between his cover salary and his staff agent salary to this Agency; that he pay income tax on the basis of \$13,000 or any augmentation thereof; that

APR 20 1951

DOCUMENT ID  
NO CHANGE IN CLASS  
DECLASSIFIED  
CLASS. CHANGED TO TS S C  
NEXT REVIEW DATE 2010  
AUTH: HQ 70-2  
DATE 18 JUN 1988  
REVIEW [ ]

INDEXED  
SERIALIZED  
FILED  
223  
DO NOT  
CLASSIFY

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the Agency reimburse him for the difference between his ostensible tax and his true tax, both federal and state.

c. That as an addendum to his basic staff agent salary, the Agency set up a non-operational representation allowance in the maximum amount of [ ] payable against appropriate vouchers. This representation allowance is designed to cover the extraordinary expenses which will be required of him in his capacity as president of DTPILLAR. Basically these expenses will stem from the scale of living and entertainment he will be required to maintain or undertake in a milieu which will include the top strata of west coast business and cultural society. While it is impossible at this time and distance to accurately forecast whether \$500 a month represents an adequate figure, I have used the following as a rough breakdown:

- (1) 60% of rental and utilities - [ ]
- (2) 1 full time servant - [ ]
- (3) Representational, -- moved to operational, entertainment and miscellaneous - [ ]

(Foregoing not all inclusive or limiting as to individual ceilings.)

d. That the Agency provide the individual with a suitable automobile for his use, title thereof to be retained by the Agency.

e. All of the foregoing special arrangements to be above and beyond the operational expenses which the subject will incur in conjunction with the substantive aspects of DTPILLAR.

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