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FROM: *ccc*

NO. *45863*

DATE *MAR 1 1951*

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TO	ROOM NO	DATE		OFFICER'S INITIALS	COMMENTS
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<i>1. GPC</i>	<i>K</i>				<p><i>I believe this is your copy which was attached to draft of amended plan.</i></p> <p><i>File PILLAR</i></p> <p><i>File Complete</i></p> <p><i>of E. v.</i></p>
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DATE 2007

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1 March 1951

MEMORANDUM FOR: Assistant Director for Policy Coordination

SUBJECT: Recommended Financial Plan for OPC Proprietary Project DTPILLAR

On 10 February 1951 there was convened a meeting of the Covert Coordination Committee for the purpose of reviewing the financial and related administrative aspects of Project DTPILLAR. The following members constituted the Committee:

- [] (Case Officer)
- [] (Staff II/BU)
- [] (Office of General Counsel)
- [] (Finance Division)
- [] (Inspection & Security Staff)
- [] (Secretary and Recorder)

[] of SPD, and [] were also in attendance.

DOCUMENT NO. []
 NO CHANGE IN CLASS. [X]
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 CLASS. CHANGED TO: TS & C
 NEXT REVIEW DATE: 20/0
 AUTH: HR 70-2
 DATE: JUN 1988 REVIEWER: []

OPERATIONAL OBJECTIVES:

1. Project DTPILLAR contemplates the establishment of a committee similar to the [] body in organization and aims but oriented toward Asia rather than Europe. Through this instrumentality, OPC wishes to harness the sentiments and energies of groups in this country who have national or business ties and relationships with the Far East. The program of the committee is to be limited at the outset to psychological warfare activities directed particularly toward China. Incident to these activities, there is anticipated a program of radio broadcasting both here and from stations abroad. To some extent the committee's work may require the temporary immigration of certain aliens to this country who would aid in the formulation of the national programs for their respective areas. It is understood that the project has been discussed by the Deputy Director for Operations with the DCI who has given his endorsement.

2. Because of the similarity in the organizational and other problems to be encountered with those of [], the experience and techniques developed in the latter program will be utilized to good advantage in implementing the various support requirements.

3. It is proposed to establish a non-profit membership association or corporation with approximately 12 charter members all of whom will be witting of U. S. Government support of the organization. The services of a security-cleared lawyer have been obtained for aiding in

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SECRET

- 2 -

the incorporation proceedings. The executive family of the association would consist initially of at least a president, and an executive vice-president as the chief operations officer, an executive vice-president as the chief administrative officer, and an executive secretary. The organization will ultimately require a staff of 30 to 40 employees.

4. At this time there is a need for funds to defray the expense of office space and the salary of the executive secretary who has already been engaged.

5. The Committee discussed thoroughly the security problems attendant upon funding the cover organization. There are, of course, law enforcement and taxing bodies representing both the federal and local governments whose inquiries must be forestalled. As this is to be a non-profit organization which would be licensed to seek public contributions for its expenses, state and local governments would wish to know of the purposes for which funds might be sought. The Bureau of Internal Revenue of the U. S. Government will of course not grant tax exemption until it is satisfied as to the non-profit intentions of the association.

6. It has been tentatively proposed that [] be used as a channel for the introduction of funds. However, it seems likely, in view of the public avowals made by [], that its charter would not permit it to engage in activities oriented toward the Far East even though such activities are of the same general character as those for which [] was organized. Also, it is planned to use TPMEDIC as a funding vehicle in another project. For these reasons, it was decided that pending the formation of a new funding organization and a further investigation into the possibilities for use of [] or other existing funding units, the initial requirement of [] should appear on the new committee's books as a loan from an anonymous donor subject to repayment from the proceeds of its ostensible fund raising program.

7. In view of the fact that this project will be mounted in large part in the U. S., the SPD is to coordinate the project planning and implementation.

CONCLUSION:

1. It is impossible to formulate a plan at this time for the administrative aspects of this project which would anticipate all of the problems to be encountered. Therefore, while concluding that DTPILLAR was, indeed, a proprietary project as defined by paragraph 9.4 of the Confidential Funds Regulations, the Committee merely familiarized itself with the nature and scope of the project and outlined only those procedures which are required immediately.

SECRET

SECRET

Through its working components, the Committee is studying further the administrative problems of the project with a view to developing a final financial plan in the near future. [] stated he would be on the West Coast shortly conferring with OPC's representatives there and would thereafter be able to better acquaint the Committee with the requirements visualized by the sponsoring group.

2. The specific recommendations of the Committee at this time are as follows:

Financial Plan:

1. An initial advance of [] is requested by FED. These funds will be transferred covertly by the Finance Division to California to the credit of the DTPILLAR Chairman. The Chairman will make the funds available to DTPILLAR as a "loan from an anonymous donor" pending determination of the permanent vehicle to be utilized for future fund transfers.

2. A declaration of trust will be executed by the Chairman, acknowledging his relationship to the funds and the undivided U. S. Government interest therein and in any other assets of DTPILLAR.

3. The Executive Secretary, or agent acting as such, will establish books and records for final transactions of a type consistent with the ostensible character of DTPILLAR as a charitable organization. A financial report will be rendered monthly by DTPILLAR setting forth the expenses of its activities classified by program and object as appropriate, and the position of the organization at the close of the month.

4. A non-profit membership association is to be incorporated with the aid of a security-cleared lawyer. Since there will exist no indicia of ownership for retention in CIA's files evidencing the Government identity of the association, this relationship will be recognized in declarations of trust executed by all of the members who are aware of U. S. Government interest. The Committee understands it is proposed that each board member be apprised of such interest.

5. The Executive Secretary and other officers and employees having access to DTPILLAR's funds will be required to maintain a fidelity bond in the amount of \$10,000; the costs of which will be borne by the corporation.

Procurement & Services Plan:

1. DTPILLAR must obtain office space, office equipment, furniture and fixtures, and later, a variety of specialized equipment and facilities required in the conduct of its activities. FED, therefore, will approach the Procurement and Administrative Divisions to obtain a plan for the logistical support of the project. Specifically, this

SECRET

- 4 **SECRET**

plan should provide for:

- (a) Determination of the extent and manner by which secure direct logistic support will be rendered by the Procurement and Service Offices of CIA.
- (b) Delegation and delimitation of procurement authority to the project principal to procure or secure required supplies, equipment and facilities to the extent that direct agency support is neither practical nor desirable.
- (c) Establishment of procedures which shall govern DTPILLAR in the exercise of its procurement authority including provision for adequate records and reports.

2. The Committee will review the plan devised prior to its incorporation into the final overall administrative plan for the project.

Personnel Plan:

1. For the staffing of the DTPILLAR organization, F&D will follow a plan yet to be devised. This plan should be developed by the case officer in conjunction with the Personnel Office representative on the Committee. This plan should establish the following:

- (a) A Table of Organization describing each position or group of positions and a salary range appropriate to each of these positions.
- (b) The employment policies and procedures to be utilized by the Agency and/or DTPILLAR in the engagement of personnel.
- (c) The delegation and delimitation of employment authority to DTPILLAR.

2. This plan after review and approval will be incorporated in the final administrative plan for the project.

Security Plan:

1. The officers of DTPILLAR and other employees who will have a knowledge of the fact that this is a CIA sponsored organization and that CIA funds are being utilized for the operation of this organization will require a covert security clearance from I&SS in advance of their employment and in advance of their knowledge of this information. Each person who has the above knowledge or will have access to this knowledge must execute a Secrecy Agreement which should be filed in I&SS.

2. Those officers and employees of DTPILLAR who will not have a knowledge of CIA sponsorship or financial support or Government interest should prior to employment be checked against the indices of I&SS to determine whether or not there exists any information which would pre-

SECRET

SECRET

- 5 -

clude their employment. Subsequent to this check and after their employment by the Committee a PHS form drawn up for this purpose should be submitted to I&SS for a routine and limited security check.

3. An officer of DTPILLAR who has been granted a covert security clearance should be designated in addition to his other duty as security officer in order to carry out the security requirements for the operation of this Committee. This officer should be available for security indoctrination purposes by I&SS.

4. The CIA funds for the support of this organization should be transferred to DTPILLAR in a covert manner in order that CIA origin of the funds will not be disclosed. As a means to accomplish this it is suggested that the facilities of [] be utilized or a similar organization established for this purpose. The advance funds, as discussed in the meeting, can appropriately be made available from a security standpoint on the basis of the loan arrangement.

5. The recruitment of officers and employees for DTPILLAR whether by DTPILLAR or by CIA personnel should be conducted in a covert manner so as not to disclose CIA interest.

6. Those key officials of DTPILLAR who will have a knowledge of CIA sponsorship and financial support and who receive compensation for their services with DTPILLAR should be placed on a covert contract basis with CIA. The books of the DTPILLAR project should reflect their payment of salary and other expenses for cover purposes but actually they would remain contract employees of CIA for control and accountability purposes.

7. The remaining personnel of the organization who do not have a knowledge of CIA sponsorship or financial support can be employed by DTPILLAR and a covert CIA contract is not necessary for these employees.

8. A committee within OPC, of which a member of the Security Control Staff, I&SS, may serve as an adviser, should be organized to screen the propaganda warfare materials from Government sources which must be made available to DTPILLAR for further dissemination to the allied private organizations for propaganda purposes. The screening of this material should be on the basis that it will be sterilized as to source of information, manner in which obtained, and the Agency through which it originated and written so as not to disclose Government interest, in order to give adequate security protection to the sources of the information.

9. At an early stage in the organization of DTPILLAR a letter should be drafted setting forth the general outline of DTPILLAR and its basic purpose, for transmission to the FBI in order that any internal security inquiries initiated as a result of activity of DTPILLAR in California will immediately be stopped by FBI and brought to the

SECRET

SECRET

- 6 -

attention of CIA.

10. It was indicated in the meeting that there is every possibility that Far East aliens may be brought to the U. S. under the auspices of DTPILLAR for propaganda purposes and further that aliens of Far Eastern origin and now resident in the U. S. may also be utilized by DTPILLAR or its allied subsidiary groups. It is a security requirement that any alien utilized by DTPILLAR directly or indirectly should be made known to the Security Office with appropriate identifying data concerning the alien. Security will check its indices and also check and notify the FBI of CIA's covert interest in this alien. In this manner DTPILLAR will have the benefit of security guidance and in addition will be informed if any internal security problems preclude the use of the aliens by DTPILLAR.

11. Any proposal to bring an alien into the U. S. or to extend the stay or adjust the status of an alien now a resident of the U. S. must, before any action is taken, be referred to Security where an investigation will be conducted and appropriate negotiations made with Immigration and Naturalization, Department of Justice, State and FBI to effect the entry or adjust the status of such alien. Action of this nature will be conducted in a covert manner.

12. For coordination and continuity purposes action for security clearances and support of this project should be channeled through Mr. Cornelison, Security Officer, OPC, to I&SS.

13. For future consideration and determination there is the question of the degree of security checking, for guidance purposes, of the principal officers of the allied organizations sponsored by DTPILLAR. It is important that DTPILLAR be reasonably certain that the principal officers of the allied organizations, with whom they will be dealing, are trustworthy and loyal. This problem can be resolved after DTPILLAR has been organized and the scope of activities in this field and the relationships of the allied organizations with DTPILLAR have been explored.

14. If, in the future, it is determined that any clandestine operations abroad may be set up through the medium of the allied corporations, it will be necessary that before such operations are put into effect that covert security clearances or operational clearances are obtained on the persons to be utilized in these operations.

[]

Secretary and Recorder

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CONCUR:

Case Officer

Staff II/BU

Finance Division

Office of General Counsel

Inspection & Security Staff

APPROVED:

Assistant Director for Policy Coordination

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