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SECURITY INFORMATION

28 September 1951

MEMORANDUM FOR: THE EXECUTIVE COMMITTEE, COMMERCIAL DIVISION

SUBJECT: Project BGSPEED

1. Project BGSPEED was conceived for the purpose of off-shore transmission of propaganda into Albania through the purchase and operation of a vessel bearing suitable medium- and short-wave radio equipment. Originally, consideration was given to land-based radio, but this was abandoned, due to then existent security reasons as well as to the political and economic conditions of those countries adjacent to Albania and friendly to this country.

2. Project BGSPEED, as proposed, actually constituted an operation within the framework of BGFIND, but inasmuch as it was to be an independent phase of operations, it was considered desirable to implement the project as a sub-project of BGFIND. Accordingly, the funds required to carry out the project and operate the vessel for one year were requested to be made available from BGFIND approved funds for FY 1950 and 1951.

3. This sum was estimated at approximately [] [], broken down into the following classifications:

Vessel - Cost and Transfer Fees	[] []
Refitting	[] []
Conversion	[] []
Salaries - Crew	24,000
Operating Costs (Fuel, Insurance, etc.)	[] []
Salaries - Technical	40,200
Contingent Fund	[] []

(Estimated Capital Expenditures - [] [] Monthly
Operating Costs Estimated at [] [])

An allocation was made for FY 1950 in the amount of [] [] on funds from BGFIND, and the outline plan was authorized (with reservations) by ADPC on 14 June 1950.

4. To provide cover for the operation, it was planned to purchase

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a yacht-type vessel, transfer it to Panamanian registry, and put it in the charge of a Panamanian-licensed master who would provide his own crew. The ordinary advantages of Panamanian registry, especially for steamship lines, include among others, no fixed schedule for wages and food, and no official yearly inspection. In spite of increasing legislation, the standards and cost of operation is lower than that of ships registered in this country. However, the motivating reason for Panamanian registry of the yacht Irmay has been given as an attempt to disassociate the yacht and its registered owner from the flag of this country.

5. After a searching survey of the vessels available, including vessels in England, three vessels came under consideration, and surveys were made in order to obtain the vessel best suited for the project. After a personal survey on 23 and 24 May 1950 by representatives of the Naval Support Office and Communications Division, authorization was given to purchase the yacht Irmay, a ketch-rigged motor-sailer with keel. This vessel was selected and recommended over the others on the basis of her apparent suitability for operational use when viewed from the standpoint of conversion expense and broadcast requirements.

The Irmay specifications are as follows:

Twin-screw Diesel		Power	2-200 h.p. Buda 6 cycle
Over-all Length	91 ft.	Range	3900 Nautical Miles
Beam	31 ft.	Speed	13 Knots
Tonnage	12 1/2 gr. Tons	Built	1939
	8 1/2 net		
Draft	9'6"		

6. The yacht Irmay was purchased on 31 October 1950 through a cut-out, [], and a Declaration of Trust deposited with the Legal Office.

7. In order to maintain cover, it was decided to establish a fictitious organization, [], a non-profit organization purportedly engaged in research in the field of Marine Biology. The purposes of [], as stated in the Charter are:

"To promote generally the accumulation, analysis, and dissemination of scientific knowledge in the field of Marine Biology by undertaking, sponsoring, participating in studies, research projects, and field expeditions in any part of the world -- making loans and gifts for such purposes -- to make such knowledge available through articles, lectures, books, letters, motion pictures, etc."

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8 [] is an incorporated foundation not authorized to issue capital stock. Funds for this foundation have consisted entirely of donations by a fictitious person purportedly of eccentric habits and keenly interested in this field of science. A lawyer and a businessman, residents of Baltimore, were contacted and cleared. The former agreed to act as office of record and the latter in the capacity of the business's sponsor. Accordingly, [] was activated 1 December 1950, with offices at [], Baltimore, Maryland.

The following appear as original subscribers in the Certificate of Incorporation:

[] Businessman
C. Keating Bowie, Lawyer
Daniel B. Leonard

Directors of the corporation include:

J. Glenn Whitman
[] (pseudo)
[]
[]

Present officers include:

[] - President
J. G. Whitman - Secretary & Treasurer

9. Funds for operation of [] originate by obtaining a Cashier's Check through the Finance Office and forwarding it to the Baltimore bank for the account of [].

10. Arrangements were made to employ a bookkeeper (witting) to keep double-entry bookkeeping records of receipts and disbursements with a quarterly balance sheet and profit and loss statement certified by a Certified Public Accountant. This has been done, and reports made for the last two quarters of 1951, as well as December 1950, are in the files.

11. Believing it to be most desirable to let title remain with the present owner, arrangements were made with [] on 30 November 1950 for the charter of (his) yacht Irmay by [] at a price of \$3,000 per month for a period of two years, December 1950 to December 1952. Checks are made out for this amount on a quarterly basis by the [] to [] then endorsed by [] and returned to the Finance Division. This is well to keep in mind, as the actual advances or disbursements do not truly reflect the actual cost of the

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project, as from 1 December 1950 to date some \$27,000 disbursed has or should have been returned to this Agency through the fictitious charter.

12. Following her purchase, the yacht Irmay was moved to Booz Brothers shipyard for conversion and refitting. Files indicate a question at a later date as to the suitability of the facilities of this shipyard in the conversion work. It was indicated that security was a leading factor in selection, there being criticism as to the work -- electrical, mechanical, etc.

13. In connection with the refitting of yacht Irmay, Commo procured the radio equipment necessary for the project and installation was made by members of this Agency assigned to the project. Neither the cost nor the general installation expense were borne by [] nor appear on the books of this organization. Neither does the equipment nor installation of same appear as advances charged against Project BCSPEED. However, a complete list showing equipment and cost is shown later in this report, as Attachment "A".

14. On 29 November 1950, approval was given by the Department of Commerce, Maritime Administration, for the transfer of Irmay to Panamanian registry (Transfer Order No. Ma-115). However, actual transfer did not occur until the vessel was at St. Thomas enroute to the Mediterranean in late January. At this time, the yacht Irmay was renamed the Juanita, which name will be used for the balance of the report. Panamanian registry certificates are in General Counsel, CIA, files. *who?*

15. On 14 December 1950, the vessel sailed for Miami on a shakedown cruise enroute to the Mediterranean. Those aboard consisted of the crew and OPC personnel (all of this Agency) totaling eight persons. During this period, the communications equipment was tried out for reception and met apparent success. It should be noted that no testing of the recording equipment was conducted during this cruise.

16. In order to exercise control over the expedition and maintain proper cover [], the director of the expedition was instructed to furnish two reports per month from the field:

a. Covert - Covert operational report to be rendered to the Agency through existing covert channels.

b. Overt - Vessel operating expenses and salaries to be rendered overtly [] (Per diem was to be figured as a general expense charge on books of the Institute.)

17. Upon arrival in Miami, the vessel put in, and it was determined that additional refitting and provisioning were necessary and were made at Merrill Stevens Drydock Co., Miami, at a cost approximating \$13,000.

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18. During the voyage from this country to Greece, several changes were made in personnel, and after a series of stops enroute, the Juanita arrived at Patras, Greece, on 28 March 1951.

19. According to files, a number of operational trips were attempted, during one of which, in early May, the Juanita ran aground in the vicinity of Corfu but was refloated, and according to the case officer, inspection at a shipyard at Patras showed no damage to the hull.

20. In attempting to carry out operations, word came from the field that difficulties were being encountered that prevented them from carrying out the intended project due to:

a. Unsuitability of the communications equipment for the purpose for which it was intended. (Subsequent tests in the field led to the conclusion that the equipment aboard would not deliver a satisfactory signal farther than 65 miles, and operational waters were figured at 200 to 400 miles from the actual target. This difficulty arose initially through failure to adhere to the skip-wave technique upon which the broadcasts were supposed to be based. Later tests using the technique definitely established that the signal was too weak to be effective at the projected operating range.)

b. Unsuitability of the vessel for operational purposes, due to the instability of the vessel in heavy seas.

21. After a number of communications to and from the field, as well as a visit to the field by members from Washington, on 20 August 1951 it was recommended that EGSPEED, as planned, (to broadcast from aboard the Juanita) should be abandoned.

22. At present, recommendations are being studied by Commo and the operating division in regard to the following:

a. Whether the medium-wave equipment is satisfactory in any respects - either installed in the Juanita or ashore.

b. Whether the Juanita is desired for retention by the field station as an operational asset for use in short-wave broadcasting, depending upon cost of maintenance, or for other uses. Currently, the vessel is berthed in Piraeus Harbor and is being maintained in a standby condition by her crew of five. Monthly costs amount to approximately \$6,000 per month.

23. Financial

According to records in the Finance Office and EE-1, advances

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made from 26 June 1950 to 22 August 1951 amounted to []
However, adjustments are to be made in this figure to account for a
refund to the project of \$21,000, and further expenses amounting to
[] which result in net advances to the project to date of
[] However, to this amount should be added the cost of
communications and navigational equipment installed aboard the
vessel totaling [] and not reflected in Finance Office figures.
Therefore, total cost to the Government of Project BGSPEED to date
amounts to []

24. Personnel

As mentioned earlier in this report, the only employee in
this country on the books of []
is [] the bookkeeper, a cleared witting person, who works on
a part-time basis. The president, Mr. Fogg, unselfishly donates his
services to the project. Personnel with the expedition have changed
constantly both as to job and location, inasmuch as all are employees
of the Agency. However, according to the case officer, the latest
records of [] show the following to be employees at the following
salaries:

[]	, Bookkeeper	\$150 per mo.		
Expedition:				
	L. Holmes, Captain	700	"	"
	E. C. Hardy, 1st Mate	400	"	"
	J. P. Michie, 2nd Mate	300	"	"
	H. B. Widden, Engineer	400	"	"
	" " "	416	"	"

Certain of the personnel have been assigned to the base
radio station, in view of the present inactive status of BGSPEED.

25. It might be well at this time to mention that the original
insurance policies on the Juanita included hull insurance which expired
31 August 1951. This insurance, costing \$2,000 per year, was carried
through [] (apparent owner) direct by the Agency and naturally
does not show [] books.

It is understood that, due to security reasons and the desire
for no investigations in event of damage, hull insurance was allowed
to lapse, with concurrence of General Counsel, CIA. This is mentioned
because if damage had been incurred in the grounding of the vessel
in May and disposition of the craft was considered, there would have
been no reason not to present a claim for whatever might be covered
by the policy.

26. Comments and Observations

The formation of [] as a non-profit institution has

evidently been handled in the proper method and books kept in accordance with proper accounting procedures to the satisfaction of Mr. Thomas Miller, CPA, who inspects [] books quarterly. Certificate of Incorporation, By-Laws, minutes of meetings, are all in the General Counsel's files.

It is noticed that ADPC questioned the possibility of using a going foundation instead of establishing a fictitious one, and files show a number of actual foundations that were considered but not used, for reasons of security.

This part is mentioned, as it appears that the weakest point of [] is the source of funds -- donations by an eccentric anonymous person represented by a [] who has been built up as a representative of this individual.

While the expedition has been in Greece for a considerable time, it is understood that the reports regarding research have been relatively limited and meager. This is felt worthy of mention, as, if cover is desired, research must be of sufficient volume to create such cover, regardless of the time necessary to carry out operational detail.

As to the purchase of the motor-ketch Juanita, this is most unfortunate, as files show that much time and effort was expended on this project by both Naval Support Office as well as Commo Division. The suitability of the vessel and communications equipment and disposal of same depend upon the recommendation of the field as to suitability of either for operational use and Headquarters decision on over-all problems. In event of a negative decision, it is suggested that both vessel and equipment be offered to other operating divisions prior to consideration for disposal, security permitting.

At this point, it is felt well to point out that, while the purchase price of the Juanita seems to be satisfactory to all concerned, the cost of conversion as well as the satisfaction of the job done is worthy of consideration. This is noted, as a great deal of the expense seems to have been incurred due to the attempt to accomplish the conversion within a certain deadline. This, naturally, affected the cost and possibly the quality of the work done. The reason for pointing this out is due to the fact that other projects examined by this office contained elements of a similar nature that resulted in unusual expense with the same unfortunate results. This is brought out not as a matter for censure on Project BGSPEED, but primarily to avoid similar repetition on any possible future projects.

Records here in Washington are very complete, and accounting of expenditures kept in an orderly manner.

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In an informal discussion with Commo Division, it was brought up that recently, in removing some equipment in order to repair Commo installation, some dry rot had been encountered. No formal report has been received from the field concerning this matter, but is believed important to mention, as the condition of the hull will have a great deal of bearing on whether the vessel should be retained for operational use or disposed of on the open market.

Commercial Division
] Consultant
] Business Analyst

[] [] : EP

Attached:

List of Commo Equipment w/cost

Distributions:

Cy 1 of 12 - CM Subj. File
Cy 2 of 12 - CM Chrono File
Cy 3 of 12 - EE-1
Cy 4 of 12 - SD/RE
Cys 5-12 of 12 - CM

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RADIO EQUIPMENT PROCURED BY COMMO FOR BGSPEED

1. Transmitter, Collins, 20K	\$5900.00
2. Transmitter, H7-4 G W/Tuning Unit	2000.00
3. RT-1B, Transmitter	1000.00
4. Rvr, SB-600	1600.00
5. Speaker, P.M.	40.00
6. Recording Equipment	514.00
7. Recording Equipment	950.00
8. Recording Equipment	100.00
9. Recording Equipment	225.00
10. Spooling Mechanism, Pt-6m	600.00
11. Sig. Generator, Measurements, Inc.	1000.00
12. Collins Osculator	400.00
13. Limiting Amplifier	450.00
14. Converter, Northern	700.00
15. Modulation Monitor, Gates	500.00
16. V.F.O., Northern	1200.00
17. Multicoupler, RX-A	500.00
18. Multicoupler, Power Supply	75.00
19. Speech Amplifier - H75-5	-
20. Monitor Amplifier, Gates	250.00
21. Receiver, SX-42	300.00
22. Microphone, RCA, 88-m	180.00
23. Transformer, Power, 3KVA	150.00
24. Reparforator, Model 14	1250.00
25. Teletype, Model 19	2002.00
26. Subscriber Set, 131B-2	1000.00
27. Switchboard, SB-6	26.00
28. Tack Panel, 13 pair	100.00
29. Generator, Diesel, 10 KW	2400.00
30. Racks, Equipment, 78"	600.00
31. Racks, Equipment, 78 Wilbur	45.00
32. Electrical Wiring Supplies	250.00
33. Test Equipment	125.00
34. Spare Parts, Accessories	5000.00
35. Antennas	1000.00
36. Receivers R100 W/K (crew)	520.00
37. Typewriters, Headphones, Keys	1200.00
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	\$34,152.00
38. Search Radar, S0-8	13,900.00
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Total	\$48,052.00