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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Liquidation of PDDYNAMIC as a Proprietary Activity

FROM:

L Chief, SE Division

EXTENSION

4307/
9045R

NO.

DATE

9 Jun 78

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DDO Registry
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For Approval

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DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHODS EXEMPTION JOB 2
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

*File in
PDDYNAMIC
Plans &
Development*

DD/278 3782

S E C R E T

09 JUN 1978

MEMORANDUM FOR: Acting Deputy Director for Operations

FROM : [Chief, Soviet/East European Division]

SUBJECT : Liquidation of PDDYNAMIC as a Proprietary Activity

1. This memorandum recommends approval to liquidate PDDYNAMIC (publisher and distributor of Ukrainian-language material) as a proprietary and to continue this special activity as a noncontrolled subsidy.

2. PDDYNAMIC is a Ukrainian-language publisher and distributor with the main office in New York City (Prolog Research Corporation) and the publishing and operational office in Munich, Germany (Ukrainian Society for Studies Abroad). The proprietary leaders were part of a Ukrainian underground council established in the Ukraine in 1944 who were sent to the West after World War II to establish a foreign representation and attempt to obtain help from Western powers. The Agency established a relationship with the council members in 1949 for use in "early warning" operations. After the roll up of the Ukrainian underground in 1953, the group established Prolog Research Corporation. The Agency has been funding this activity since that date for covert action operations. The New York office is incorporated under the laws of the State of New York as a commercial taxable enterprise with stock issued (the shareholders are employees of the company who have endorsed blank stock certificates issued in their names, which are held in OF/CSAD/PSB for safekeeping); the Munich office is a non-profit association certified for operating in Germany.

3. The Agency's guidance and management of this activity is through the activity's president who is a witting associate. The activity currently has a staff of 12 employees (10 in New York and 2 in Germany) of which four in New York are officially witting of Agency support. The assets of the company have an estimated market value of less than \$ []

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WARNING NOTICE
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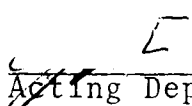
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4. This activity publishes a monthly journal (Suchasnist) with a press-run of 2,000 copies and a quarterly Information Bulletin with a press-run of 2,000 copies. In addition, books (the majority of which are by Soviet Ukrainian authors who are unable to get their works published internally) and pamphlets are published by the activity. During a 12-month period approximately 25,000 items of activity-produced literature are distributed to the Soviet Ukraine. This material is highly regarded by the recipients.

5. Our objective in changing PDDYNAMIC from a proprietary to a noncontrolled subsidy is to further distance ourselves from the management of the company for operational security reasons while continuing to support their operations. The following changes need to be accomplished to effect an orderly transition:

- A. Return the signed stock certificates to the company shareholders.
- B. Transfer the PDDYNAMIC pension plan managed by LPEQUAL to an outside insurance firm so that PDDYNAMIC can deal with them directly.
- C. Make severance payments to the New York employees (two weeks' pay for each year's service not to exceed one year's salary). This step is a safety measure to remove claims in the future from PDDYNAMIC employees for unpaid benefits.
- D. Finally, we plan to relocate the New York headquarters to Munich, Germany. This will simplify cover and minimize overhead costs.

APPROVED:


Acting Deputy Director for Operations


for 
10 June 1978
Date

S E C R E T