

SECRET

Mr. Kenneth W. Desnew

Dear Mr. Desnew:

The United States Government, as represented by the Contracting Officer, hereby contracts with you for the purchase of certain information and related services of a confidential nature under the following terms and conditions:

1. Compensation. In full consideration for the purchase of such information and services, you will be compensated at the rate of \$600 per month. Payments will be made as directed by you in writing in a manner acceptable to the Government. While it is recognized that you are an independent contractor, the Government at your request and in view of security considerations involved agrees to withhold Federal income taxes from monies due you under this agreement in an amount equivalent to the United States income tax withholding schedule based upon your taxable income hereunder and 5 (FIVE) present exemption(s). You acknowledge that this is an accommodation on the part of the Government and does not relieve you from fulfilling your obligations under existing Federal income tax laws and regulations. You will be instructed as to the method to be followed in making timely filing of returns, estimates and payments in order to preserve security.

2. Travel. You will be advanced or reimbursed funds for necessary expenses incurred in connection with such operational travel as may be directed or authorized by the Government. This will include per diem in lieu of subsistence while in the course of such travel. While on temporary duty away from your permanent post of assignment, this will include funds for the rental of temporary quarters at the Government's direction as well as four-fifths of the maximum applicable per diem rate. Payment and accounting for such expenses will be in conformance with applicable Government regulations.

3. Operational Expenses. You will be advanced or reimbursed funds for necessary operational expenses including, but not limited to, entertainment and the purchase of information, as specifically approved by the Government. Such funds will be subject to accounting in compliance with Government regulations.

4. Repayment. It is recognized that your failure to account for or refund any monies advanced you hereunder shall entitle the Government to withhold the total amount of such indebtedness or any portion thereof from any monies due you under the terms of this contract in such manner as it deems appropriate.

5. Hospitalization Premiums. It is understood that you presently are a participant in a group hospitalization plan and that your overt employer pays the premiums incident thereto. As such premiums paid on your behalf will cease while you are performing under this contract, the Government will advance or reimburse you funds for the payment of such hospitalization premiums.

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3B2B
VAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

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SECRET

6. Execution of Documents. If, in the performance of services under this contract, you assume the custody of Government funds or take title of record to property of any nature whatsoever and wherever situate, which property has in fact been purchased with monies of the U. S. Government, you hereby recognize and acknowledge the existence of a trust relationship, either express or constructive, and you agree to execute whatever documents may be required by the Government to evidence this relationship.

7. Status. You are not an employee of the United States Government under this agreement and are not entitled to any benefits normally incident to an employee status.

8. Secrecy. You will be required to keep forever secret this contract and all information which you may obtain by reason hereof (unless released in writing by the Government from such obligation), with full knowledge that violation of such secrecy may subject you to criminal prosecution under the Espionage Laws, dated 25 June 1948, as amended, and other applicable laws and regulations.

9. Instructions. Instructions received by you from the Government in briefing, training or otherwise are a part of this contract and are incorporated herein, provided that such instructions are not inconsistent with the terms hereof.

10. Unauthorized Commitments. No promises or commitments pertaining to rights, privileges or benefits other than those expressly stipulated in writing in this agreement or any amendment thereto shall be binding on the Government.

11. Term. This contract is effective as of 23 September 1957, and shall continue thereafter for a period of three months unless sooner terminated either:


(a) By thirty (30) days' actual notice by either party hereto, or

(b) Without prior notice by the Government, in the event of a breach of this contract by your violation of the security provisions hereof or by your otherwise rendering yourself unavailable for acceptable service.

Subject to the availability of appropriations, this agreement may be extended upon notice from the Government. Termination of this agreement will not release you from the obligations of any security oath you may be required to take.

UNITED STATES GOVERNMENT

BY Kenneth W. Desnew
Contracting Officer

ACCEPTED: 

Kenneth W. Desnew

WITNESS: 

APPROVED: 

SECRET

SECRET

Mr. Kenneth W. Desnew

Dear Mr. Desnew:

Reference is made to your contract with the United States Government, as represented by the Contracting Officer, effective 23 September 1957.

Effective 23 September 1957, said contract is amended by adding after paragraph eleven (11) entitled "Term" the following paragraph:

"12. Term Insurance. By virtue of the nature of your mission hereunder, the Government will advance or reimburse you the premium on a \$10,000 term insurance policy, said policy covering a period not in excess of 120 days. It is specifically understood and agreed that the type of said policy, its approximate cost (less than \$75.00), and the conditions of its procurement have been fully discussed with you. As this amount represents additional income to you, Federal income taxes thereon will be handled as set forth in paragraph one (1) above."

RMW

All other terms and conditions of the contract, as amended, remain in full force and effect.

You will please indicate your approval by signing in the space provided below.

UNITED STATES GOVERNMENT

BY []
Contracting Officer

ACCEPTED:

Kenneth W. Desnew
Kenneth W. Desnew

WITNESS: []

APPROVED: []

SECRET

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MEMORANDUM FOR: Chief, Finance Division
FROM: Contract Personnel Division
SUBJECT: Contract Extension for Kenneth W. DESNEW

1. Effective 23 December 1957, the contract (as amended) for the subject individual, effective 23 September 1957, is extended for a period of ninety (90) days.

2. All other terms and conditions of the contract (as amended) remain in full force and effect.

UNITED STATES OF AMERICA

BY [Signature]
Contracting Officer

APPROVED:

*DO NOT
REPLY
PER 504195
deliver*

SECRET

NEA/SS/57-673
18 December 1957

MEMORANDUM FOR: CONTRACT PERSONNEL DIVISION, OFFICE OF PERSONNEL

THROUGH : *PP* STAFF

SUBJECT : Contract Renewal - Kenneth W. DESNEW

1. It is requested that Kenneth W. DESNEW's contract be renewed for a period of ninety (90) days, commencing 23 December 1957. The terms of this contract are to remain the same.

2. is the case officer on extension 4617; Kenneth W. DESNEW is on project WAKEFUL.

[Signature] Chief
Division Near East
and Africa

[Signature]
APPROVED

SP/CONTRACT INSPECTOR OFFICER

*per []
Desnew to be paid
thru 1/15/58 only
then put in S.O.
renewal form in file*

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58EARNINGS

EMP#	ALMT#	RL	P/P	PPA	FY	CH#	LC	OC	GL	SAL	DED	CP NET	CD NET	LC TOT
DESNEW KENNETH W														
215870	338291204	20	01		8	053	09	CONT	AGTS	171	6001			44000
215870	338291204	20	02		8	015	09	CONT	AGTS	171	6001			44000
215870	338291204	20	01		8	053	41	FED	TAX 1		3103	3100		
215870	338291204	20	02		8	015	41	FED	TAX 1		3103	3100-		
215870	338291204	20	01		8	053	81	COV	PAY		1490	40900		40900 * 81
215870	338291204	20	02		8	015	84	VOU	PAYMT		1502	14000		
215870	338291204	20	02		8	015	84	VOU	PAYMT		1502	3100		17100 * 84
215870	338291204	20	02		8	015	99	PD	AT HDQR		3020		30000	
215870	SU		20		8		99	TERM						30000 * 99
										88000	58000	30000	30000	

44000

44000

~~88000~~

440.00

Reported in 1958

440.00

~~88000~~ * 09

40900 * 81

17100 * 84

30000 Issued

FICA
 300.00 reported 1958
 on 9410 Budget

1957 EARNINGS

215870	3400839120000	36	DESNEW KENNETH W							
215870	3400839120000	36	5 3 99999	12320	3195	H	99999	35	7	
215870	3400839120501	36	5 3 42001	6160	1350	H	26486	35	7	
215870	3400839120601	36	6 3 60000	6160	1350	H	52490		7	
215870	3400839120701	36	7 3 60000	6160	1350	H	52490		7	
215870	3401839120801	36	8 3 60000	6160	1350	H	52490		8	
215870	3382912040000	20	11 X 60000	6160 2	69840	5			7	8
215870	3382912040002	20	11 X 16000	12320					7	8
215870	3382912040001	20	12	6160R2	53840	5			4	8
215870	3382912040002	20	12 X 60000	4920	1035	H	40045		4	8
215870	3401039120001	36	12 3 46000	48040	123680		324000		23	8
			504000	31.00	8280					

also change notice Dec 57

440.00
5480.00

511.40 (overtax)

82.80 FICA

MINUS ROLL 36 earnings

3680.00

357.20

ROLL 20 earnings

180000

154.20

See voucher d. 1/6/58

1099 issued

see w-2

480.40 - shown above (overtax) w/H 1957
plus 31.00 - by C/N DEC 1957 (paid 1-22 DEC 57) roll 20.

511.40 - total overtax w/H on subject

154.20 - tax w/H on Roll 20 To be Reversed + 1099 ISSUED

357.20 - OVERT TAX w/H ON ROLL 36 ON WHICH w-2 to be issued

T. B.

Soobzokov, Schomin

SSUE 1099- GROSS COMP- 1800.00 - - -

SUE W-2- GROSS COMP- 3680.00 - tax w/H (overt) 357.20 - FICA (overt) 82.80 E.C.D. - 23 AUG 1957 (no CI)

Sept
period 23 ~~Aug~~ - 22 DEL 1957

SECRET

1. a. In full consideration for the payments to be made under this contract I, Kenneth W. Desnew, hereinafter known as the TRAINEE do hereby contract with the United States Government, hereinafter known as the TRAINOR, to undertake over a period of approximately six months from the effective date of this instrument such full-time training as may be directed by the TRAINOR. It is understood and agreed that payments received hereunder includes partial and substantial consideration for future services by the TRAINEE in executing specific assignments directed at the Union of Soviet Socialistic Republics and/or its Satellites during a period of reinforced alert or national emergency. It is further understood that said specific assignments will be performed outside the continental limits of the United States in a manner designated by the TRAINOR and that the full consideration for undertaking such assignments shall be an amount which is mutually agreeable to both parties, taking into consideration factors such as, but not necessarily limited to, the amount paid hereunder, the family situation and the earning power of the TRAINEE at the time he is directed to undertake such assignments and the type of assignment.

b. FURTHER, I, Kenneth W. Desnew, as the TRAINEE, do further enter into this contract without reservations either implied or stated.

2. For said services, the TRAINOR hereby agrees to pay to the TRAINEE:

I. CONSIDERATION

a. Basic compensation in an amount calculated at the rate of \$ 600.00 per month.

b. As directed by the TRAINOR either transportation costs of one (1) trip by first-class common carrier or \$.10 per mile for the use of TRAINEE'S personal automobile from his place of residence to Fort Meade, Maryland.

c. As directed by the TRAINOR either transportation costs of one (1) round trip by first-class common carrier or \$.10 per mile for the use of TRAINEE'S personal automobile from Fort Meade, Md. to his place of recorded residence, Paterson, N. J., in the event of emergency concerning the members of his immediate family or dependents. The ultimate determination as to whether such an emergency exists must necessarily be reserved to the TRAINOR.

d. Upon the successful completion of the TRAINEE'S services under this contract, if world conditions do not necessitate his immediate utilization as noted in paragraph one (1) above, as directed by the TRAINOR either the cost of transportation by first-class common carrier or \$.10 per mile for use of TRAINEE'S personal automobile to his place of residence or as approved by the TRAINOR to such other place in the continental United States as the TRAINOR may request.

e. FURTHER, while in the performance of duty under this contract the TRAINEE will be entitled to death and disability benefits equal to those afforded Government employees under the Federal Employees' Compensation Act, as amended. It is understood and agreed that claims by the TRAINEE, his heirs or legal representatives under this paragraph will be processed by the TRAINOR in accordance with its procedures and in such manner as not to impair security. Under the terms of the Federal Employees' Compensation Act, as amended, claims are not recognized if the injury, disability or death is a result of the TRAINEE'S gross negligence, willful misconduct or intemperate act.

f. FURTHER, if upon post-training resettlement, difficulty is incurred by the TRAINEE in resuming his gainful occupation, or in the event his employment has been terminated for absenting himself from his occupation, without the approval of his employer, an attempt will be made, by the TRAINOR on behalf of the TRAINEE, to intercede between the former employer and the TRAINEE. If said intercession does not prove

successful, the TRAINOR does not assume the responsibility for placing the TRAINEE in suitable employment; however, the TRAINOR will make every effort to assist the TRAINEE in locating a gainful occupation.

II. DEPENDENTS

The TRAINEE acknowledges that:

a. The transportation of dependents or household effects for the purpose of establishing a permanent residence near the training site is not authorized.

b. The TRAINOR is not obligated to arrange for or make available to the TRAINEE any living quarters for his dependents.

III. INSTRUCTIONS

Instructions received by the TRAINEE from the TRAINOR in briefing, training or otherwise are a part of this contract and are incorporated herein provided that such instructions are not inconsistent with the terms hereof. The instructions received by the TRAINEE shall include, but are not limited to, the method and manner to be followed in satisfying Federal income tax and Social Security obligations of both the TRAINEE and TRAINOR arising out of this agreement.

IV. SECURITY

The TRAINEE will be required to keep forever secret this contract and all information which he may obtain by reason hereof (unless released in writing from such obligation by the undersigned Contracting Officer), with full knowledge that violation of such secrecy may subject him to criminal prosecution under the Espionage Laws, dated 25 June 1948, as amended, and other applicable laws and regulations.

V. TERM

This contract is effective as of 18 February 1957, and shall continue thereafter for a period of six (6) months. The TRAINEE agrees that the TRAINOR may sooner terminate this agreement without further obligation by paying to the TRAINEE a lump sum payment equivalent to two (2) months salary plus transportation costs as directed by the TRAINOR either of one (1) trip by first-class common carrier to his place of residence or \$.10 per mile for the use of TRAINEE's personal automobile to his place of residence or as approved by the TRAINOR to such other place in the continental United States as the TRAINEE may request. The TRAINOR may sooner terminate this agreement without notice and without further obligation hereunder if the TRAINEE violates the security provisions hereof or otherwise renders himself unavailable for acceptable service. Subject to the availability of funds, this contract may be renewed for like or longer periods upon notice from the TRAINOR accepted by the TRAINEE. Termination of this agreement does not release the TRAINEE from the obligation of any security oath he may be required to take.

RMW

UNITED STATES OF AMERICA

[Signature]
Contracting Officer

ACCEPTED:

[Signature]

WITNESS:

[Signature]

APPROVED:

[Signature]

NAME JESNEW, KENNETH W.		TAX INFO. ED T-5		NORMAL PAY RECORD		DATE 2/1/58	PCS STATION WEA/H DOTAS.	DATE ---	ALLOTMENT 3382-91-204
EMPL. NO. 215870	ROLL 20	E.O.D. 9/23/57		TERM. 1/15/58					
TITLE CONTRACT AGENT		E.O.D. 9/23/57		TERM. 1/15/58					

PERIOD PROCESSED	DESCRIPTION OF CHANGE	COMPENSATION/ALLOWANCES					DEDUCTIONS							DISTRIBUTION OF PAY				
		SALARY	DIFF.	QUARTERS	C.O.L.	OTHER	RETIRE./FICA	TAX	FEGLI	INS.	HOSP.	C/U	OTHER	COVER	ACCRUED	STATION	REFUND DUE	HOURS
11-11/30/57	normal set up for...	440						31.00						409.00	81			
12-1/30/57	cont. exp. 1957	STATUS UNDETERMINED																
3-1-3/3/58		Terminated																

SALARY INFORMATION			COVER PAY INFORMATION				OTHER INFO.	STATION INFORMATION			ALLOWANCE INFORMATION		
DATE	ITEM	AMOUNT	DATE	SALARY	ALLOW.	OTHER	TOTAL	DATE	STATION	DATE	ITEM	AMOUNT	
4/23/57	3 mo.	\$600 per mo.	4/23/57	4800			4800	DEP.					
12/23/57	90 days			154.20			154.20	ARR.					
								DEP.					
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LAST NAME FIRST NAME AND INITIAL IDENTIFICATION No. TYPE OF APPOINTMENT EOD DATE AGENCY CALENDAR YEAR

Standard Form No. 1137
General Regulations No. 102

LEAVE RECORD

GPO 16-48999-1

Form prescribed by Comp. Gen., U. S.
June 28, 1946

MONTH	PAY PER. NO.	ANNUAL			SICK			MONTH	PAY PER. NO.	ANNUAL			SICK			ABSENCE WITHOUT PAY W-AWL-SUSPENDED				COMPENSATORY TIME RECORD			
		TAKEN		Hrs. ACCR.	TAKEN		Hrs. ACCR.			TAKEN		Hrs. ACCR.	TAKEN		Hrs. ACCR.	DATE	TYPE	HRS.	TOTAL	PAY PERIOD	HOURS WORKED	HOURS TAKEN	BAL.
		HRS.	TOTAL		HRS.	TOTAL				HRS.	TOTAL		HRS.	TOTAL									
JANUARY								JULY															
FEBRUARY								AUGUST															
MARCH								SEPTEMBER															
APRIL								OCTOBER								REMARKS							
MAY								NOVEMBER								YEARLY SUMMARY (HOURS)							
JUNE								DECEMBER												ITEM	ANN.	SICK	
												BAL. FORWARDED											
												YR. ACCRUAL											
												TOTAL											
												TOTAL TAKEN											
												BALANCE											

LAST NAME FIRST NAME AND INITIAL IDENTIFICATION No. TYPE OF APPOINTMENT EOD DATE AGENCY CALENDAR YEAR

MONTH	PAY PER. NO.	ANNUAL			SICK			MONTH	PAY PER. NO.	ANNUAL			SICK			ABSENCE WITHOUT PAY W-AWL-SUSPENDED				COMPENSATORY TIME RECORD			
		TAKEN		Hrs. ACCR.	TAKEN		Hrs. ACCR.			TAKEN		Hrs. ACCR.	TAKEN		Hrs. ACCR.	DATE	TYPE	HRS.	TOTAL	PAY PERIOD	HOURS WORKED	HOURS TAKEN	BAL.
		HRS.	TOTAL		HRS.	TOTAL				HRS.	TOTAL		HRS.	TOTAL									
JANUARY								JULY															
FEBRUARY								AUGUST															
MARCH								SEPTEMBER															
APRIL								OCTOBER								REMARKS							
MAY								NOVEMBER								YEARLY SUMMARY (HOURS)							
JUNE								DECEMBER												ITEM	ANN.	SICK	
												BAL. FORWARDED											
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												BALANCE											

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General Regulations No. 102

LEAVE RECORD

Form prescribed by Comp. Gen., U. S.
June 28, 1946

GPO 16-48999-1

LAST NAME FIRST NAME AND INITIAL IDENTIFICATION NO. TYPE OF APPOINTMENT EOD DATE AGENCY CALENDAR YEAR

Standard Form No. 1137 General Regulations No. 102 LEAVE RECORD GPO 16-48099-1 Form prescribed by Comp. Gen., U. S. June 28, 1946

MONTH	PAY PER. NO.	ANNUAL			SICK			MONTH	PAY PER. NO.	ANNUAL			SICK			ABSENCE WITHOUT PAY W-AWL-SUSPENDED				COMPENSATORY TIME RECORD			
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		HRS.	TOTAL		HRS.	TOTAL				HRS.	TOTAL		HRS.	TOTAL									
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FEBRUARY								AUGUST															
MARCH								SEPTEMBER															
APRIL								OCTOBER															
MAY								NOVEMBER															
JUNE								DECEMBER															

LAST NAME FIRST NAME AND INITIAL IDENTIFICATION NO. TYPE OF APPOINTMENT EOD DATE AGENCY CALENDAR YEAR

MONTH	PAY PER. NO.	ANNUAL			SICK			MONTH	PAY PER. NO.	ANNUAL			SICK			ABSENCE WITHOUT PAY W-AWL-SUSPENDED				COMPENSATORY TIME RECORD			
		TAKEN		Hrs. ACCR.	TAKEN		Hrs. ACCR.			TAKEN		Hrs. ACCR.	TAKEN		Hrs. ACCR.	DATE	TYPE	HRS.	TOTAL	PAY PERIOD	HOURS WORKED	HOURS TAKEN	BAL.
		HRS.	TOTAL		HRS.	TOTAL				HRS.	TOTAL		HRS.	TOTAL									
JANUARY								JULY															
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LAST NAME FIRST NAME AND INITIAL IDENTIFICATION NO. TYPE OF APPOINTMENT EOD DATE AGENCY CALENDAR YEAR

Standard Form No. 1137 General Regulations No. 102 LEAVE RECORD GPO 16-48099-1 Form prescribed by Comp. Gen., U. S. June 28, 1946

SECRET

DESNEW, Kenneth W.

G.E. C.A.

SR/PI AEDepot
AEREADY-SR/PI
NEA/PI WAKEFUL
PP

Medical ok rec'd 14 Mar 56 (under alias of BALLACH, George A.)

C.O.E

☐ x-3808 ☐

☐ xl617

Check list rec'd 28 Feb 57; k picked up by co 28 Feb 57 ; ret for SCO signt 12 Mar 57;
to FD 1 Apr 57

Oral medical OK rec'd per Sandy 28 Mar 57

K and memo re Federal income and Soc Sec decutions

by CIA fwd to FD 1 Apr 57

FILE TRANSFERRED TO CIA RECORD
CENTER FOR PERMANENT STORAGE
Box # 2 Job # 62-703

Check Lists hc over 1 Oct 57

Req for ext thru 23 Aug 57 rec'd 4 Oct 57; request approved as extension thru 23 August 1957
at which time subject is terminated with SR Division; copy of memo in subj file; memo
fwd FD 9 Oct 57

Contract vwd FI 11 Oct 57; this should have gone to PP, ☐ ☐ to fwd to PP as
of 15 Oct 57

Oral req for amend rec'd 24 Oct 57, oral concurrence of PP Staff, ib., ☐ ☐
obtained 24 Oct 57, amend picked up by Dayton 24 Oct 57

Contract & amend ret, ^(hand carried) for SCO signt 25 October 57 without written approval of ☐
☐, both k & amend signed by DHL & fwd FD via PP sm dt.

Req for 90 da ext rec'd 9 Jan 58 ; signed ext fwd PP 13 Jan 58 ; ret & fwd FD 16 Jan 58;
cc's to NEA sm dt.

Over —

SECRET

Mr. Kenneth W. Desnew

Dear Mr. Desnew:

1. In full consideration for the pay needs to be made under this agreement effective 1 July 1958, Kenneth W. Desnew, is hereby agree to undertake over a period of two years the following cooperative action as directed by the United States Government.

- a. Maintain the proficiency of my previous training by this unit as directed.
- b. Maintain correspondence - mail, phone or telegraphic with only designated individuals.
- c. Furnish any pertinent information reflecting changes in my personal status which would effect my relations with the United States Government.
- d. Maintain strict daily security consciousness.

For each cooperative action it is understood that I shall be reimbursed quarterly at the rate of \$50.00 from which neither Federal Income nor Social Security Taxes will be deducted. I understand, however, that it will be my responsibility to report such income under existing Federal Income and Social Security Tax laws and regulations.

2. When recalled for Advanced Training, I will receive compensation at the rate of \$300.00 for any two week period. In addition, transportation between my recorded residence and the training site via first class common carrier will be paid by the United States Government. Quarterly payments set forth above will run concurrently with the two week training pay. Federal Income and Social Security Taxes will be deducted from the two week salary payment.

3. Termination of this agreement may be effected upon 30 days actual notice by either party hereto.

UNITED STATES OF AMERICA

ACCEPTED:

By

Contracting Officer

APPROVED:

DIA/L/est 27 June 58

SR/PA/C. Depate

C.A. []

SECRET

SECRET

9 June 1958

MEMORANDUM FOR: Contract Personnel Division

THROUGH : FI/OPS/Projects Branch

ATTENTION : []

SUBJECT : Contract - Kenneth W. Desnew

1. Request new two year contract effective 1 July 1958 for the subject, a former AEREADY trainee. His original employee type contract was terminated 23 August 1957 at the conclusion of AEREADY Class I.

2. Originally, it was not intended that he be put under the Reserve type contract because of a presumed contractual agreement with another component for a period of two years. (PP-Workshop)
However, since such an agreement has not been drawn up, it is our request that he be incorporated into the existing program.

3. It is requested that this new, agent-type contract include payments of \$50.00 per quarter in return for his continued cooperation in training and security practices. In addition, round trip travel from and to residence and pay for annual two week Refresher Course at the rate of \$300.00 for such two week period.

AEREADY now AE Depot
on [] []

AC/SR/DOB

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20 February 1958

MEMORANDUM FOR: CONTRACT PERSONNEL DIVISION

SUBJECT : Termination, Desnew

This is to request that our current contract with Kenneth W. Desnew be terminated as of 15 January 1958. This contract was effective 23 September 1957 to December 1957, and was subsequently renewed for such additional period as might be necessary up to 90 days. Termination as of 15 January 1958 has been mutually agreed upon between Desnew and his case officer. For any information required regarding this contract, call NEA/7/J, [] , x3203.

Handwritten initials and marks

Chief
Division of Near East
and Africa

APPROVED:

[]
Special Contracting Officer

SECRET

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25
24 October 1957

MEMORANDUM FOR: The Record

SUBJECT: Kenneth W. Desnew

1. The intent of this memorandum is to set forth the conditions surrounding the amendment of subject's contract by the addition of paragraph 12 entitled "Term Insurance".

2. After several discussions with the case officer, [redacted] and other interested components, i. e., [redacted], BCD, [redacted] PP Staff; and LWA, Chief, CPD; paragraph 12 of subject's contract was written. Subject at the last minute would not sign his contract without some assurance that his family would be taken care of if he were killed while under contract for CIA. Per the case officer time did not permit a medical examination for subject in order that a \$10,000 D & D could be written nor so that insurance through BCD could be subscribed to. It was decided, therefore, that subject while at the airport, i. e., his port of embarkation - probably Idlewild, N. Y., would purchase a term life insurance policy of \$10,000 for a term of 120 days and we would pay the premium thereon. Although [redacted] did not know of this type of an arrangement, the case officer checked both with the man himself and a staff employee who had procured this type of insurance not long ago. The staff employee said he got a \$25,000 term insurance policy for a period of 60 days with a premium payment of \$37.50. This policy covered normal term insurance risks and as usual precluded death by suicide or an instrumentality of war. It even contained a provision for payments in case of loss of arms, legs, etc. No physical was necessary.

3. As none of the people interested in this situation knew how much it would cost for a \$10,000 policy, I worded the clause in a rather general manner, indicating to the case officer that this was the program for which we were paying the premium - no other, and that it was up to him, the case officer, to fully discuss with subject what type, kind and amount of

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insurance he could procure at our expense. This memo for the record sets forth my understanding of the reasons behind the writing of paragraph 12 of subject's contract with the United States Government effective 23 September 1957.

4. I was informed by [redacted] on 25 October 1957 that subject had signed the amendment as written.

DIA
□ →

SECRET

Mr. Kenneth W. Deane

Dear Mr. Deane:

Reference is made to your contract with the United States Government, as represented by the Contracting Officer, effective 23 September 1957.

Effective 23 September 1957, said contract is amended by adding after paragraph eleven (11) entitled "Term" the following paragraph:

"12. Term Insurance. By virtue of the nature of your mission hereunder, the Government will advance or reimburse you the premium on a \$10,000 term insurance policy, said policy covering a period not in excess of 120 days. It is specifically understood and agreed that the type of said policy, its approximate cost (less than \$75.00), and the conditions of its procurement have been fully discussed with you. As this amount represents additional income to you, Federal income taxes thereon will be handled as set forth in paragraph one (1) above."

All other terms and conditions of the contract, as amended, remain in full force and effect.

You will please indicate your approval by signing in the space provided below.

UNITED STATES GOVERNMENT

BY _____
Contracting Officer

ACCEPTED:

Kenneth W. Deane

WITNESS: _____

APPROVED: _____

DH/ya - 24 Oct 57
C.A.
NEA/PP/Wakeful

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6. Execution of Documents. If, in the performance of services under this contract, you assume the custody of Government funds or take title of record to property of any nature whatsoever and wherever situate, which property has in fact been purchased with monies of the U. S. Government, you hereby recognize and acknowledge the existence of a trust relationship, either express or constructive, and you agree to execute whatever documents may be required by the Government to evidence this relationship.

7. Status. You are not an employee of the United States Government under this agreement and are not entitled to any benefits normally incident to an employee status.

8. Secrecy. You will be required to keep forever secret this contract and all information which you may obtain by reason hereof (unless released in writing by the Government from such obligation), with full knowledge that violation of such secrecy may subject you to criminal prosecution under the Espionage Laws, dated 25 June 1948, as amended, and other applicable laws and regulations.

9. Instructions. Instructions received by you from the Government in briefing, training or otherwise are a part of this contract and are incorporated herein, provided that such instructions are not inconsistent with the terms hereof.

10. Unauthorized Commitments. No promises or commitments pertaining to rights, privileges or benefits other than those expressly stipulated in writing in this agreement or any amendment thereto shall be binding on the Government.

11. Term. This contract is effective as of 23 September 1957, and shall continue thereafter for a period of three months unless sooner terminated either:

(a) By thirty (30) days' actual notice by either party hereto, or

(b) Without prior notice by the Government, in the event of a breach of this contract by your violation of the security provisions hereof or by your otherwise rendering yourself unavailable for acceptable service.

Subject to the availability of appropriations, this agreement may be extended upon notice from the Government. Termination of this agreement will not release you from the obligations of any security oath you may be required to take.

UNITED STATES GOVERNMENT

BY _____
Contracting Officer

ACCEPTED:

Kenneth W. Desnew

WITNESS: _____

APPROVED:

SECRET

LM/ahw/jro Oct 57
KREFCL/NEA/PP
C-2 J
X-1017
a.

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Mr. Kenneth W. Desnew

Dear Mr. Desnew:

The United States Government, as represented by the Contracting Officer, hereby contracts with you for the purchase of certain information and related services of a confidential nature under the following terms and conditions:

1. Compensation. In full consideration for the purchase of such information and services, you will be compensated at the rate of \$600 per month. Payments will be made as directed by you in writing in a manner acceptable to the Government. While it is recognized that you are an independent contractor, the Government at your request and in view of security considerations involved agrees to withhold Federal income taxes from monies due you under this agreement in an amount equivalent to the United States income tax withholding schedule based upon your taxable income hereunder and present exemption(s). You acknowledge that this is an accommodation on the part of the Government and does not relieve you from fulfilling your obligations under existing Federal income tax laws and regulations. You will be instructed as to the method to be followed in making timely filing of returns, estimates and payments in order to preserve security.

2. Travel. You will be advanced or reimbursed funds for necessary expenses incurred in connection with such operational travel as may be directed or authorized by the Government. This will include per diem in lieu of subsistence while in the course of such travel. While on temporary duty away from your permanent post of assignment, this will include funds for the rental of temporary quarters at the Government's direction as well as four-fifths of the maximum applicable per diem rate. Payment and accounting for such expenses will be in conformance with applicable Government regulations.

3. Operational Expenses. You will be advanced or reimbursed funds for necessary operational expenses including, but not limited to, entertainment and the purchase of information, as specifically approved by the Government. Such funds will be subject to accounting in compliance with Government regulations.

4. Repayment. It is recognized that your failure to account for or refund any monies advanced you hereunder shall entitle the Government to withhold the total amount of such indebtedness or any portion thereof from any monies due you under the terms of this contract in such manner as it deems appropriate.

5. Hospitalization Premiums. It is understood that you presently are a participant in a group hospitalization plan and that your overt employer pays the premiums incident thereto. As such premiums paid on your behalf will cease while you are performing under this contract, the Government will advance or reimburse you funds for the payment of such hospitalization premiums.

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NEA-7 - 58 - 327

20 February 1958

MEMORANDUM FOR: CONTRACT PERSONNEL DIVISION

SUBJECT : Termination, Desnew

This is to request that our current contract with Kenneth W. Desnew be terminated as of 15 January 1958. This contract was effective 23 September 1957 to December 1957, and was subsequently renewed for such additional period as might be necessary up to 90 days. Termination as of ^{c.o.b.} 15 January 1958 has been mutually agreed upon between Desnew and his case officer. For any information required regarding this contract, call NEA/7/J, [] [], x3203.

APPROVED:

[]

Special Contract Officer

[]
[]
[]

Chief
Division of Near East
and Africa

Cancelled
3/1-3/31/58

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MEMORANDUM FOR: Finance Division

ATTENTION: Chief, Agent Service Section

SUBJECT: Kenneth W. Desnew (P) - Project AEREADY

Per our telephone conversation 22 March 1957, this is to inform you in writing that Federal income and Social Security taxes should be deducted from the compensation of Kenneth W. Desnew. This individual is under a training contract and is charged to Project AEREADY, the administrative case officer of which is []

for []
[]
Chief, Contract Personnel Division

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