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25 October 1945

SUBJECT: Strategic Services Unit as of mid-October, 1945

TO: The Assistant Secretary of War

1. This report is submitted pursuant to your letter of 26 September 1945. It covers significant changes during the first half of October in the situation described in letter to you dated 9 October 1945, subject: Strategic Services Unit as of 1 October. Reference should be made to that letter for a more complete description of SSU's organization in the field and its continuing activities.

2. The total personnel strength of SSU has been reduced from 9,058 as of 1 October to 7,640 as of 19 October. Of the latter figure, nearly 3,000 persons - either in this country or en route here or awaiting transportation from abroad - are in process of separation. By 1 December it is estimated that overall SSU personnel strength will be reduced to 1,913. Details of present and contemplated future deployment are set forth in the table attached hereto as Exhibit 1. -attach

attached
3. A provisional organization of SSU has been prescribed by General Order No. 2, dated 12 October 1945, attached hereto as Exhibit 2.

4. In addition to secret intelligence, counter-espionage and administrative services units, the portions of OSS transferred to SSU included related para-military activities. To reduce these related activities and at the same time create an efficient peacetime

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clandestine intelligence agency has required great care so that necessary elements and assets of the para-military branches will not be lost. In order to assure maximum effectiveness of the penconing unit, steps have been taken to incorporate personnel with experience in the specialized training given by OSS (Schools and Training Branch) techniques of photographic intelligence (Field Photographic Branch) and the production of personal documents and identity papers (CD and Reproduction Branches) required for clandestine operations. In addition, so that the United States may in the event of future wars be prepared to use effectively and to develop doctrines and techniques used by OSS in this war for sabotage, support of underground forces (SO Branch) and clandestine subversion of enemy morale (MO Branch), personnel have been incorporated in the reduced organization equipped to collect and process intelligence on future foreign developments in these techniques. While in all cases the number of people to be retained is very small, outgoing personnel must be screened with care to select the best fitted persons.

5. The SSU budget for the current fiscal year has been reduced by the House to \$8,500,000. (H.R. 4407) of this sum \$2,846,176 remains unobligated (See Exhibit 3). This balance will *attach* not cover SSU operations beyond 1 January. Thereafter an additional appropriation of \$625,000 per month will be required if the assets of SSU are to be preserved until the effectuation of plans for penconing intelligence. The above unobligated sum, which must be available if SSU is to continue in operation until 1 January, makes no allowances for contingencies and depends upon adherence by the State Department to a previously projected plan of reduction in force. In addition.

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if this sum is to be sufficient it is necessary to have Congress alter the form of the appropriation in the House Bill to shift approximately \$600,000 from the vouchered to the unvouchered funds category. (See Exhibit 5). Steps are being taken to do this.

6. Overseas Missions

a. Great Britain. Activities continued along the lines described in the above-mentioned letter of 9 October. Intelligence was made available on a regular basis to the American Delegation, Council of Foreign Ministers.

b. France. An interesting aspect of continuing operations was X-2's control of certain enemy agents - with the knowledge of the French - so as to uncover any revival of enemy intelligence.

c. Germany. clandestine activity was stopped up in

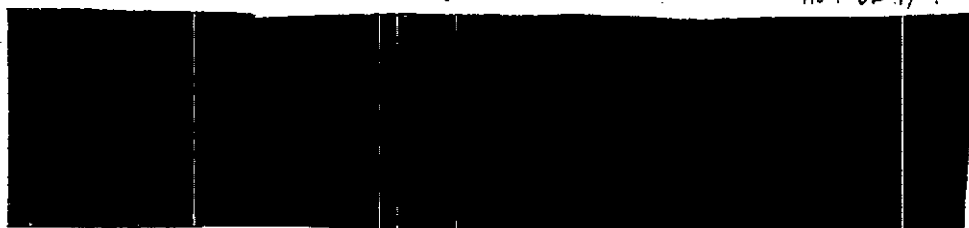
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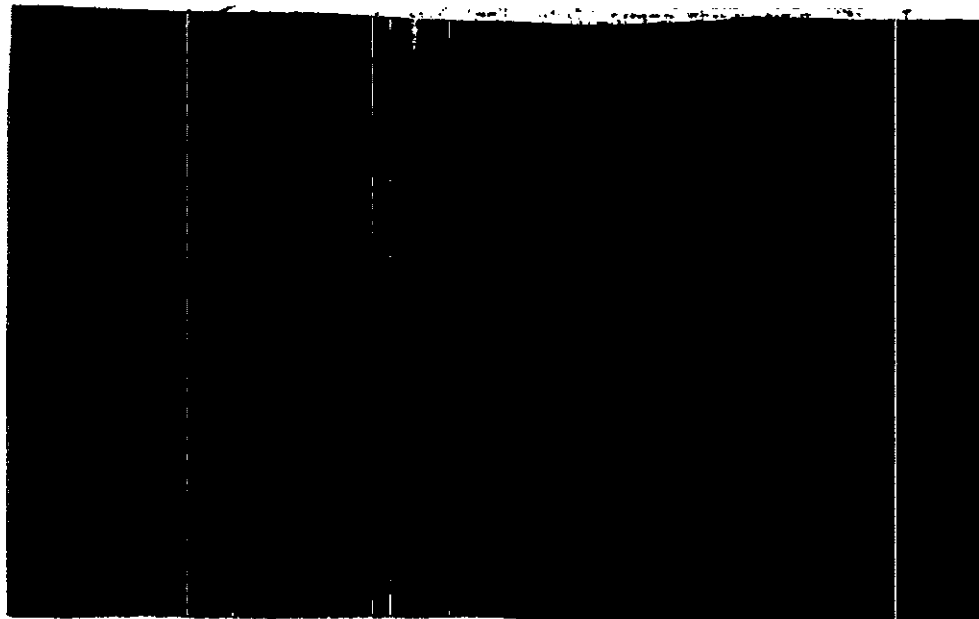
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g. MAITO. X-2 conducted penetrations designed to uncover subversive activities against Allied interests and continued its work relevant to the complete liquidation of the former German Intelligence Service in Italy and the Balkans. In addition, it performed general security services for all American agencies. Work on the Intelligence Photographic Documentation Project (IPDP) was being brought to a close by HCU, but an effort was being made to have this project continued by other branches of the service.



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1. Equali. This mission closed on 15 October.

7. Action has been initiated to transfer from the SCU rolls personnel engaged in the following activities:

a. War Crimes. Request has been made of Mr. Justice Jackson that he review SCU personnel engaged in this work (see letter of 9 October) to determine whether they might not be transferred to the Office of Counsel under the Assistant Secretary of War.

b. Strategic Bombing Survey. Negotiations are under way with the U.S. Strategic Bombing Survey (USBS) to secure agreement for the transfer to USBS of 51 persons now furnished by SCU on 120 day's

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temporary duty for employment in the strategic bombing survey of Japan. All but one of these are at present under orders to proceed to Japan.

g. Intelligence Photographic Documentation Project.

Recommendation has been made that this project be transferred to the jurisdiction of the Joint Topographic Subcommittee of the JIC of JCS. If adopted, this recommendation would permit a reduction of 132 members of the Field Photographic Branch now engaged in this work.

John Magruder
Brig. Gen., USA
Director

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EXHIBIT ONE

PRESENT AND CONTEMPLATED FUTURE EMPLOYMENT OF BSW

<u>Mission</u>	<u>Personnel as of 19 Oct. 1945</u>	<u>Estimated Personnel as of 1 Dec. 1945</u>
	356	40
	243	40
	397	191
	185	80
	118	45
	85	80
	75	30
	350	120
	632	150
	2270	1117
	<u>2973</u>	<u>-</u>
<u>Total</u>	<u>7640</u>	<u>1915</u>

*Casuals include all personnel embarked as of 1 November for separation, whether in U.S., en route, or awaiting transport from abroad.

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WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY OF WAR
STRATEGIC SERVICES UNIT
Washington, D.C.

EXHIBIT II

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12 October 1945

GENERAL ORDERS)
NO. 2)

Under the authority vested in me as Director, Strategic Services Unit, by the Secretary of War, the attached provisional organization chart is approved. The several offices and divisions of the Strategic Services Unit shall, effective this date, be organized and operated as indicated on said chart and with the functional responsibilities as set forth as follows:

1. ADVISORS AND SPECIAL ASSISTANTS

Prepare such studies and recommendations as may be desired by the Director.

2. EXECUTIVE

The Executive Office shall be the principal assistant to the Director and as such shall exercise all functions appropriate to a Chief of Staff.

3. SECRETARIAT

The Secretariat shall be responsible for:

- a. Maintaining the files and records of the Director's Office, including complete files of all directives and orders from the Assistant Secretary of War, and other basic SSU documents and papers, and performing for the Director such additional secretarial functions as required.
- b. Redistribution of all incoming and outgoing pouch material and supervising the dispatch of outgoing material.
- c. Obtaining or preparing for the Director a monthly report of the major activities of this agency and such other special reports as he may direct, and reviewing all reports on SSU activities which may be prepared by any branch or office of SSU for outside dissemination.

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- a. The distribution of cables to the branches and offices in SEU Washington Headquarters.

4. GENERAL COUNSEL

The Office of General Counsel is responsible for:

- a. Reviewing, before any commitment is made, all contracts, agreements, leases, and other legal papers to which SEU is a party.
- b. Rendering legal advice and handling legal matters pertaining to all phases of operations of SEU.
- c. Advising and assisting the Finance Branch in ascertaining and determining proper procedures with respect to Special Funds to ensure that proper and accurate accounting of expenditures is maintained.

5. ASSISTANT EXECUTIVE OFFICER FOR PERSONNEL

- a. Adjutant - handling of official correspondence, directives, and orders, except those specifically delegated to the Secretariat, in accordance with regulations and approved policies.
- b. The formulation of policies and the supervision of the execution of administrative arrangements pertaining to personnel of the unit.
- c. Supervision of the registry.
- d. Supervision of activities pertaining to the physical security of the Washington Headquarters plant and facilities. (Other existing functions of the Security Officer will be executed on instructions given him by the Director)

6. ASSISTANT EXECUTIVE OFFICER FOR OPERATIONS

Normal Field Section and Operational Staff functions.

7. ASSISTANT EXECUTIVE OFFICER FOR SERVICES

- a. The preparation of policies for, and the supervision of the execution of, arrangements for the various services.
- b. Supervision and direction of the activities of the SEU Property Board.

8. PERSONNEL

The Assistant Director for Personnel shall be responsible for:

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- a. Establishing policies and procedures for personnel procurement and administration both in the continental United States and overseas. These will include the procurement through appropriate channels of military, naval, and civilian personnel in response to requisitions from the several branches and offices of SHU and in accordance with job specifications furnished by the requisitioning branch or office.

- b. He shall act for the Director on personnel matters and be responsible for supervision and direction of the activities listed as follows:

- (1) Personnel Branch
- (2) Hq. and Hq. Detachment
- (3) Board of Officers (promotions and awards)
- (4) Naval Command (personnel functions only)

- c. With respect to the Naval Command, such supervision and direction shall apply only to the activities pertaining to personnel and shall be exercised only to the extent consistent with the responsibilities of the Naval Command to the Navy Department.

- d. Maintaining liaison with the Civil Service Commission and other appropriate Government agencies.

- e. Liquidation of personnel assets determined surplus.

9. INTELLIGENCE

The Assistant Director for Intelligence is responsible for:

- a. Supervision and direction of activities of SI, X-2, and the maintenance of liaison for intelligence purposes between SHU, and other Government departments and agencies. Liaison with Navy Department shall be exercised through the Naval Command.

- b. Supervision and direction of the activities and functions of the following branches:

- (1) Communications
- (2) Field Photography
- (3) Schools and Training
- (4) Special Operations
- (5) Operational Group Command
- (6) Morale Operations
- (7) Field Experimental Unit
- (8) Special Projects
- (9) Research and Development

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10. SERVICES

The Assistant Director for Services is responsible for:

a. The formulation of policies and the organization and direction of administrative services of SHU.

b. He shall supervise and direct the activities of the following branches:

- (1) Budget and Procedures Branch
- (2) Procurement and Supply Branch
- (3) Reproduction Branch
- (4) Transportation Branch
- (5) Office Services
- (6) Finance Branch
- (7) Chief Surgeon
- (8) Military Admin. Branch

11. The provisions of any previous OCS or SHU orders in conflict herewith are hereby superseded to the extent of such conflict.

John Magruder
Brig. General
Director

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Appropriations according to E.O. 14176	Disobligated	Estimated Expenses 1 October - 31 Dec.	Over
\$6,750,000	\$2,478,670	\$1,909,000	\$573,670
\$1,750,000	\$67,506	\$67,000	
\$8,500,000	\$2,546,176	\$1,976,000	

COMBINED FBI-DOJ BUDGETARY POSITION

EXHIBIT 10012

Total

\$12,992,196

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