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OFFICE MEMORANDUM - UNITED STATES GOVERNMENT

TO : THE DIRECTOR

FROM : Edw. A. Tamm *EA*

SUBJECT:

DATE: July 18, 1946

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A conference was held this morning with representatives of General Vandenberg in accord with their previous request. Attending the conference in addition to Mr. Ladd, Mr. Keay and Mr. Tamm representing the Bureau were Colonel Donald H. Galloway, Colonel Quinn of SSU (formerly OSS), Mr. Penrose, apparently of SSJ and Mr. DeBardleben, representing the Central Intelligence Authority.

* Mr. Penrose was designated by Colonel Galloway as the man who was their operating man in charge of taking over the SIS operations in the Latin Americas. In opening the matter, Colonel Galloway stated he was concerned over the fact that the Bureau had indicated it would withdraw from the Dominican Republic and Costa Rica in 30 days and expressed some doubt that the CIG would be able to move into these countries in that short a period. Colonel Galloway was informed that the Bureau had but one man in the Dominican Republic and one man in Costa Rica and that since the Bureau needed these men for domestic assignments, it was felt that the matter of moving into these countries would be a relatively simple one, since they had been handled by one man.

Since these are only one-man offices and since we have to start some place to make these people accept the responsibility, we propose that General Vandenberg be advised that since the Bureau has already taken very positive steps to discontinue its coverage, we would appreciate it if they would arrange to take over the coverage of these two countries at the end of the thirty-day period. We feel that by so doing we will inject enough realism into their responsibilities as to cause them to be a little more alert to their responsibilities. This program also will serve as a valuable test run in discontinuing the Bureau's SIS operations.

After Colonel Galloway indicated a letter had been addressed to the Bureau pointing out the factors that CIG desired considered in connection with the assumption of SIS operations, he handed the attached memorandum to Mr. Tamm, and Mr. Penrose thereafter enlarged upon the attached letter paragraph by paragraph. Our observations concerning these various proposals will be enumerated hereinafter in connection with the consideration of each one in order that if you approve these recommendations, we may carry them out along the lines indicated.

EAT:EG

DIRECTOR'S NOTATION: "I agree. H."

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During the course of the discussion we took occasion to point out that the Bureau had never officially been offered the responsibility of covering worldwide intelligence. It was pointed out that a committee, of which Mr. Ladd was a member, had submitted an affirmative recommendation upon this point but that this recommendation had been overruled by a senior committee, which had another system in mind for covering worldwide intelligence. It was pointed out to the group that there was apparently some misapprehension in this regard and it should be noted that the Bureau had never been offered nor had it sought or refused the worldwide intelligence coverage.

The representatives of CIG were informed that you desired that if they were going to take over the Latin American coverage, they do it as soon as possible. It was pointed out to them that the Bureau had unfortunate experiences in the past year or so because of a vacillating policy on the part of other agencies as to whether we would or would not be in the SIS field, with the result that from day to day we did not know whether we were in or out of the SIS operations. The situation in Panama was specifically outlined and it was pointed out that even today the Bureau did not know whether it was or was not in Panama because while we physically had a liaison man, he had no official capacity. It was further pointed out that you were very much aggravated by the newspaper stories, as in the Alsop column, that the Bureau had tried to chisel in on the worldwide intelligence coverage, when the record clearly showed that you had neither affirmatively sought nor refused to take this responsibility. There were general nods of approval at these statements.

Colonel Galloway stated that General Vandenberg was anxious to take over the SIS operations in the Latin American field and that just as soon as a complete program could be worked out, a copy would be immediately sent to you. In order to place on the record the fact that General Vandenberg desired to take over the SIS operations (in view of his indication to Mr. Jack Neal that he had been forced to take over this work), we affirmatively stated on three occasions our understanding that "General Vandenberg desired to take over the SIS operations" and no objection nor exception was taken to these statements.

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Colonel Galloway and Mr. DeBardleben inquired whether the Bureau would have any personnel available for assignment to CIG and they were informed that the Director could not spare any of our personnel. It was pointed out that the Agents who went out on the SIS assignment were not men who had been specially recruited and trained for SIS operations but were regularly appointed Special Agents duly trained for all types of responsibilities in the United States and that, consequently, with the reduction in the Bureau's staff and appropriation, these men's services would be essential for domestic operations.

The question was also asked whether the Bureau would transfer any of its stenographic or clerical employees to the CIG and they were advised that the clerical employees were all regular domestic employees with years of experience, whose services would be essential to the Bureau in the domestic field. Colonel Galloway requested that if there were any individual people who could be spared, they be furnished with their names.

An inquiry was made of Colonel Galloway as to the method of communication to be employed by CIG and as to how the Bureau would be notified of the impending arrival of a foreign agent in the United States. The example was cited of an agent of a foreign power leaving Portugal or the Azores by plane for the United States. Colonel Galloway stated that the system already in operation in the CIG would be to immediately notify the Bureau by telephone of any such information. He stated that such material would be furnished telephonically immediately upon its receipt by CIG and before treatment in the Analysis and Research Division for evaluation purposes. He stated that while such information would be immediately furnished upon receipt, the Bureau would, probably in a couple of days, also be furnished with an evaluation or other data compiled in the Evaluation and Analysis Unit. The CIG is utilizing the worldwide communications facilities of the Army, Navy and State Department, but is communicating through their own codes. We were assured that information received of interest to the Bureau in the discharge of its domestic responsibilities would be transmitted telephonically immediately upon its receipt in CIG. We, of course, pointed out that information of this

Director's notations: 1 - "Absolutely none. H."
2 - "Absolutely none. H."
3 - "Is this a fact now? H."

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kind would be valueless, even an hour after the agent had arrived in the United States, since he could readily disappear. We also pointed out to the CIG representatives that the Bureau considered it a part of its responsibility to immediately notify them of any information developed which relates to matters within their field of operation.

Collaterally, in this discussion Mr. DeBardleben stated that "directed intelligence" is the most effective intelligence and that the CIG would be most anxious to receive from the Bureau requests for information concerning matters in which the Bureau might be interested. He made the further statement that they are soliciting these types of requests from various governmental agencies.

Relative to the attached memorandum from Colonel Galloway, dated July 17th, in which five specific requests are outlined, these requests were discussed, and aside from the discussion, the following recommendations are made to you for your consideration as to the action to be taken thereupon:

"1. We wish to receive from you a general outline of existing FBI coverage, including the number of personnel and the capacities or titles under which they are assigned."

We generally agreed to furnish these data to CIG, it being noted that in their discussion they pointed out that if the Bureau maintained two men as Vice-Consuls at a particular point, they would desire to establish two men at that point. We feel that we are compelled to furnish them a general outline, country by country, indicating the number of people in the open that we have assigned and the geographical distribution of this personnel, i. e., in Brazil we have a Legal Attache, 6 Assistant Legal Attaches and men assigned as Vice-Consuls at Natal, Belen, etc. We believe that this information should be furnished orally and in the most general terms possible. We do not feel that the information furnished in this regard should include police liaison men who, from the practical viewpoint, are technicians not engaged in intelligence

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work. We should furnish also orally the total number of clerical employees, including radio operators (the CIG representatives indicated that they have adequate radio operators to immediately take over the communications system). In furnishing these data to the CIG representatives no information will be furnished about undercover agents or special employees.

In this regard, it should be noted that we furnish to the State Department a complete list of our personnel and its location each month, with the result that if we don't furnish this orally and make a gesture of cooperation, the CIG representatives could obtain it from the State Department and even have the identity of each of our representatives. The CIG representatives appeared particularly interested in the "number of bodies" that we had in each country, referring to the number of personnel.

With reference to this discussion the CIG representatives indicated their desire to parallel our existing organization in each country, even to designating a man at a point where we had a man as Vice-Consul. Inquiry was made as to whether CIG would operate under the Military Attache or whether they were going to have a separate Attache to direct their activities and they stated they were going to have an entirely separate organization, exactly like the FBI.

Mr. Ladd pointed out that any title to be used for their representatives in open capacities would have to be assigned and approved by the State Department and they indicated knowledge of this, and Colonel Galloway also stated that they would probably use titles like "Commercial Attache", etc. This brings up the point of whether the CIG representatives would use the title of "Legal Attache". We feel that the Bureau should oppose the use of these titles, which were created by the Bureau, for the Bureau and have become synonymous with the Bureau's operations not only in Latin American countries but generally in the international field. We believe that CIG will make a vigorous effort to use this title because it will

Director's notation: "I most certainly agree. It is our title & must not be used by them. H."

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open doors to them in the Latin American field which were opened to the Bureau because of our prestige. We think we should oppose the use of this title on the grounds that it is so synonymous with the Bureau's operation that it will be misleading and possibly embarrassing if it is used by the CIG representatives.

"2. We request that in each field station, copies of all pertinent reports of investigations current or closed be set aside to be turned over to our representative; and that, in Washington, a copy of all such reports prepared by FBI from these territories be made available to us for our records."

We pointed out to the CIG REPRESENTATIVES that copies of all of the Bureau reports were on file in the Embassy files in the country where they were prepared and that, consequently, their representative would have access to copies of our reports in the Embassies. This is a reasonably accurate statement and appeared to be generally acceptable.

It is proposed, for your consideration, that we issue instructions to those countries in which reports are not already in the Embassy files, they take steps to incorporate into the Embassy files copies of such reports as would appear to justify inclusion therein at the time we know what the schedule for the CIG assumption of jurisdiction will be. In other words, if we learn that CIG is going to take over responsibility in Brazil on December 1st, we will issue instructions to the Legal Attache to remove from his files copies of such reports as should be in the Embassy files, incorporate them therein, and destroy the duplicate copies in advance of the time that the CIG representatives actually arrive in the country. This will eliminate any possible friction or question about destroying files after the CIG has moved into the country. This procedure will apply, of course to investigative matters and not to administrative files, data concerning confidential informants, etc., upon which separate recommendations will be submitted.

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With reference to the request that copies of all such reports in Washington be made available to CIG here, this of course is an impossible task. We did not so state to the CIG representatives but inquired of them whether they had access to the material which we have previously submitted to Military Intelligence. It was indicated by Colonel Galloway and by Colonel Quinn and Mr. Penrose that CIG would in the future have access to all of this material. We feel that this answers this request and that we can take the position that the War Department, the Navy Department and the State Department (the partners in the National Intelligence Authority) have in their files copies of all the reports which we have prepared and, consequently, the Central Intelligence Group can obtain the reports from its own members. It may be further pointed out to the CIG representatives that we have only one copy of these reports in our files and we do not have the personnel to make copies.

- "3. We request that all office and technical equipment now held in field stations be marked for transfer to our representative on the withdrawal of the FBI, and that an inventory of such equipment be now prepared for our review. Such list would include office furniture and fixtures, typewriters, filing cabinets, and photographic equipment for development and printing. It would be understood that Governmental records would reflect this transfer, relieving FBI of further responsibility for this Government property."

We see no reason why office furniture, typewriters, file cabinets should not be turned over to CIG. As a matter of fact we have already issued instructions to the Legal Attaches concerning the disposal of this type of property as we have reduced our staffs available to the CIG a list of desks, filing cabinets, fixtures and other office furniture for their review, with the understanding that this equipment, or such portion of it as still remains in our possession in the country, will be turned over to them when they take over.

We feel that we should arrange to return such cameras

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and other equipment of this kind, which are not specifically requested in Colonel Galloway's letter, to the Bureau as promptly as possible. We do have some printing and developing equipment in virtually every country, but the equipment is normally neither expensive nor scarce. We propose to furnish to the CIC representatives for their study on inventory of such developing tanks, etc. as are located in the various countries. We pointed out to the CIC representatives that our cameras were part of our Laboratory equipment and that we would want to maintain them -- no objection was voiced to this. In addition, the SIS Division has already issued instructions for the return to Washington of a limited amount of recording equipment which had been placed in a few (three) of the countries. We have in the majority of the offices the small portable photostat units, generally referred to as electro-copyists. We propose that it be determined whether these articles are scarce and whether they would be worth having returned to the Bureau. If so, we will arrange to have them returned as promptly as possible. If not, they will be turned over to the CIC. It is our recollection that these units used to sell for about \$100.00 apiece. We have two photo-record cameras, which are used for copying letters, documents, etc. in the SIS field and we propose that instructions be issued to have this material returned to us. Although no mention was made of detectaphones or brief case transmitters, we have several brief case transmitters out on SIS posts and we propose that instructions be issued for their return to the Bureau.

"4. We request that radio communications equipment in field stations be preserved for transfer to our representative in the same manner as in the preceding paragraph. We request that automobiles now in the field be made available for transfer to our representative."

We discussed the radio communications at some length and Mr. Penrose took the position that it would be inefficient and unethical for the Bureau to discontinue, disconnect and ship to the United States its radio equipment, while the CIC was shipping radio equipment from the United States to the individual countries. We pointed out that radio equipment had been difficult to obtain and consequently to transport, but that we needed many of our transmitters for our domestic network.

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Since CIG emphasized the inefficiency of duplication, we proposed that the CIG through the War or Navy Departments transfer to the Bureau the equivalent radio devices that we have in South America so that the Bureau would have the physical equipment which it has purchased and in order that we might utilize this equipment in our domestic network. There was a general acquiescence to this proposal, Colonel Galloway particularly indicating that he thought this was an entirely reasonable suggestion. Obviously, if we can effect this arrangement it will save us a lot of time in disconnecting and shipping our radio equipment, some of which would probably only have salvage value anyway.

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The CIG representatives were particularly interested in our radio equipment because of our authority from the various countries to operate on a specified wave length, etc. Of course, these wave lengths were granted fundamentally for our use and the permission even to have the station was granted to the FBI so that I think we will have to point out to the CIG authorities that they will have to make their own arrangements about authority and authorization to operate these stations.

Concerning the request that Bureau automobiles be made available for transfer to their representatives, since the majority of these automobiles were purchased from SIS appropriations, we feel that we will have to turn these automobiles over to the CIG representatives when they take over the operations. All of the cars are old and it is dubious if any of them would be worth the cost of shipping them back to the United States. This represents roughly about 30 automobiles in 19 countries.

"5. We suggest that full collaboration in the field be arranged by directing that FBI offices remain in operation for at least one month after the arrival of our representative during which time all pending investigations, contacts, sources of information, and informants should be under mutual study to determine the future conduct of intelligence work in these countries."

We advised the CIG representatives that this matter would be brought to your attention and given appropriate consideration.

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There is a basic weakness in our acceding to the CIG proposal in this regard in that the man or men we will have left in the individual countries will be the weaker men and there is the possibility that they will make ill-advised statements concerning the Bureau's informant system, methods of communication, administrative matters and other items, which as a matter of good administration probably shouldn't be brought to the attention of CIG. As a counter proposal we suggest that you consider the desirability of proposing to CIG that we designate about three "indoctrination officials", who would be Bureau officials who would travel to the various countries where we are going to transfer our responsibilities to CIG and represent the Bureau during the transition period, normally of a week or not more than ten days in the major countries, during which they would coordinate the transfer of responsibilities, physical property, handling of administrative matters.

As a typical case, for illustrative purposes, it is pointed out that if CIG were to take over intelligence responsibilities in Brazil on the first of December, their staff would physically take over the office and equipment as of that date and would also take over the responsibility. We would, however, have in Rio on December 1st a Bureau official, preferably Mr. Gurnea, Mr. Carson or Mr. Keay, and would leave one of our SIS men in Brazil with Mr. Gurnea, for example, and Mr. Gurnea would act for the Bureau in turning over the property, furnishing information, etc. There would be many official contacts and other matters in which a man who has operated in the country would have to furnish background, oral information, introductions, etc., but the Bureau official would control this operation so that ill-advised statements would not be made. This procedure would also discourage - if it didn't prevent - the efforts of CIG to hire for their Service anyone that we have actually on the ground at the time they take over.

It is pointed out that if this procedure were followed, the Bureau official would probably only have to remain in some of the smaller countries two or three days, and even in the larger countries it would not require more than a week or ten days. It is suggested that you consider this as a counter proposal to CIG. This procedure would insure a uniform system of transfer of informants, such administrative files and other material as would be necessary to a properly coordinated transfer.

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The CIG representatives indicated an anxiety to designate a working representative to immediately sit down with the Bureau representative and obtain the data outlined above. It is believed we should immediately designate a Bureau representative to participate in this discussion so that CIG cannot claim that their action is being delayed or held in abeyance while awaiting a decision from the Bureau.

CC - Mr. Ladd
Mr. Keay

Director's notation: "OK & move rapidly & get out of it as quickly as possible since the die is now cast. I think we ought to liquidate our covers utilized in this country for SIS & of course get as many employees agents & clerical out of SIS as quickly as possible. I think Neal should be advised & told to tell Braden. Also Moore in Panama would seem unnecessary now but check with Neal. H."

Attachment

Director's notation: "I think we ought to make every effort to get out of the Argentine now. That will be a hard nut for them to crack. H."

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