

S-E-C-R-E-T

2 March 59
Amendment
No. 2

MEMORANDUM FOR: Deputy Director (Plans)
Special Support Assistant to the DD/S

SUBJECT: Amendment No. 2 to the Second Revised
Administrative Plan for SR Division PP
Project AERODYNAMIC

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

I. Project Objective

1. The objective of this project is to provide for the exploitation and expansion of an anti-Soviet resistance movement for cold war and for hot war purposes via newspaper, radio and other communications media, research and political action activities.

II. Need for Amendment

2. Project AERODYNAMIC initially supported the activities of an overseas emigre group and was subsequently enlarged to include support to its stateside counterpart. In 1957 KUBARK arranged for the incorporation of the stateside organization in order to enhance its usefulness operationally and also as a method for funding the overseas group. Thereupon, Project AERODYNAMIC was converted from a subsidy project to a proprietary project, and for administrative purposes the overseas group was considered to be a branch of the stateside organization, AEBEEHIVE.

3. While it was recognized at the time that the overseas group was not actually a "branch" of AEBEEHIVE, but was an independent group only loosely associated with that organization, it was felt that acceptance of the branch concept would simplify administration of the project without causing any problems. However, in conjunction with a recent audit of Project AERODYNAMIC, it was determined that this "fiction" should be discontinued. Neither KUBARK nor AEBEEHIVE can exercise the type of control over the overseas group which is normally applicable to proprietary projects. Therefore, the Plan is being amended to re-convert Project AERODYNAMIC back to a subsidy project, but since the Agency does control AEBEEHIVE, it is being considered as an Agency-owned mechanism within the subsidy project in accordance with the accounting and writeoff procedures established by the Comptroller for such projects.

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III. Recommendation

4. The attached amendment which incorporates the above changes has been concurred in by the interested KUBARK components and is recommended for your approval.

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Chief, Support Staff, SR Division

DDS/CM/DF:vgg

Distribution:

Original--Finance thru Budget
3--SR/Support
2--FP/PRD/PP
1--CM/Plans

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ABRODYNAMIC
Appendment No. 2 to the Second Revised
Administrative Plan

Concurrence Sheet

1s/C]
SR Division

27 March 1959
Date

1s/C]
Office of the Comptroller

25 March 1959
Date

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11. ANNUAL REPORTS shall be prepared with the same character, as accounts of a type consistent with the character of the work and the nature of the activity.

Section A, Accounting and Reporting

1. Section A, Accounting and Reporting, is deleted and in lieu thereof the following is substituted:

1. Whereas the term "operational investment account" or "operational account" appears in the Administrative Plan, it is deleted and the phrase "Investments in Agency-Controlled Activities within Budgetary Projects" is substituted.

2. In addition to the over-all conceptual change, set forth above, the following specific changes are hereby effected:

1. This amendment changes Project ANNUAL REPORTS from a primary project to a budgetary project within an agency-controlled organization. ANNUAL REPORTS, operating within the project. Therefore, the coverage of the Administrative Plan is hereby extended to include the concept and all portions of the Plan are to be interpreted as applying only to ANNUAL REPORTS, except where specific reference is made to the substituted over-all group.

the Department's account hereby established for this project. with a basis for making appropriate entries in the project cost account and be properly accounted, which responsibility will reside in the Finance Division in amount between closing the old account and opening the new account will be provided by the Office of the Comptroller. The resulting difference and corrected. The balance sheet shall be approved by the Finance Division and shall be established from a balance sheet of ANNUAL REPORTS at the most current activities within budgetary projects. The initial balance in the new account primary projects" in the account entitled "Investments in Agency-Controlled of project costs from the present account entitled "Investments in Agency-Controlled". This provision is necessary to insure a complete and accurate transfer by the Division with the concurrence of the Office of the Comptroller. Note: This amendment shall become effective on a date to be specified.

Approved: _____
 Project ANNUAL REPORTS
 Revised Administrative Plan for the Division of _____

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prescribed or approved, by the Office of the Comptroller, and shall submit to the SR Division on a quarterly basis the following financial statements (except the annual statement of fixed assets) within 30 days following the close of each calendar quarter:

(1) Balance Sheet;

(2) Statement of Income and Expense;

(3) Statement of Cash Receipts and Disbursements, prepared in a manner to clearly distinguish between funds received from KUBARK and non-KUBARK sources, if applicable. Disbursements under the provisions of paragraph 10. a. and b. will be clearly identified.

(4) Annual Statement of Fixed Assets.

AECASSOWARY/2, or his designee, shall attach to these financial statements his certification that, to his best knowledge and belief, they accurately reflect the financial status of AEBEEMIVE.

12. The overseas group shall submit to AEBEEMIVE, within 15 days following the close of each calendar quarter, a Cash Receipts and Disbursement Statement to include cash on hand at the beginning of the period, income received in a manner to clearly distinguish between funds received from AEBEEMIVE and funds received from non-AEBEEMIVE sources, expenses by general categories and cash on hand at the end of the period. AECASSOWARY/3, or his designee, shall attach to these financial statements his certification that, to his best knowledge and belief, they accurately reflect the financial status of the overseas activities and the disposition of funds during the reporting period. These reports shall be transmitted by AEBEEMIVE to SR Division.

13. The Headquarters case officer shall review the financial statements required under paragraphs 11 and 12 above, and, if in order, attach his certification that the disbursed funds covered thereby were expended for the purposes authorized, and submit the statements to the Division Approving Officer for approval. When approved, the original of each report will be forwarded to Finance Division. A copy of the Annual Statement of Fixed Assets shall be forwarded to the Office of Logistics.

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c. Section VI, Writeoff, is deleted and in lieu thereof the following is substituted:

Section VI. Writeoff

14. The Finance Division is authorized to accept the quarterly financial statements submitted by AEBEENIVE, required under paragraph 11 above, when properly certified and approved, for (a) appropriate recording in the account entitled "Investments in Agency-Controlled Activities with Subsidy Projects," (b) for appropriate charges to the project cost account, including funds transferred to the overseas group and (c) for establishing Memorandum Accounts for the amounts reflected in the writeoff as funds physically advanced to the overseas group.

15. The Finance Division is authorized to accept the quarterly financial statements from the overseas group, required under paragraph 12 above, when properly certified and approved, for appropriate recording in the Memorandum Account.

16. The Finance Division is authorized to accept the quarterly financial statements submitted by AEBEENIVE required under paragraph 12 above, when properly certified and approved, (re: funding and providing service or cover for other authorized KUBARK projects as provided in paragraph 10) as the basis for crediting the "Investments in Agency-Controlled Activities within Subsidy Projects" account of Project AERODYNAMIC and for charging the cost account of the appropriate project for the amount involved as reflected in the financial statement.

d. The remaining paragraphs of the Administrative Plan are hereby renumbered 17, 18 and 19.

APPROVED, by direction of DD/P

Chief of Operations, DD/P

Date

APPROVED, by direction of DD/S

Special Support Assistant to the DD/S

Date