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MEMORANDUM FOR: The Director
 Acting Executive

SUBJECT: Interim COAPS Report on Implementation of Atomic Energy
 Intelligence Report Recommendations

REFERENCE: (a) DCI Memo of 28 June to Exec. Sec., NSC - # 36066
 (b) Report from Ad Hoc Committee 9 June - SRC - 2536
 (c) Memo of 25 July from Exec. Sec., NSC to the DCI - *Report Only*

The Ad Hoc Committee Report on the above subject recommended so much outside of the scientific field that the implementation of Recommendations 1-7, called for by the letter of 25 July from the Executive Secretary, NSC, will require action by various CIA offices and then by some IAC agencies. We are talking this over in COAPS and with other CIA offices. Eventually we should send copies of Lay's letter to IAC and ask them to take appropriate action in their shops.

All of the Committee recommendations were toned down and emasculated by the IAC members. State went along with this but Defense did NOT. We think therefore, that CIA should pay more attention to the Recommendations themselves than to the IAC Comment and to the "Immediate Actions" and "Further Actions". Presumably the IAC agencies will willingly go along with only their comments and suggested actions; but maybe, if we send them copies of Lay's letter of 25 July with the Secretary of Defense's remarks, they will decide to "see the light".

Recommendation 1:

We are working on the Air Force's Priority List of Critical Objectives -- awaiting additions by State, AEC, OSI-ORE -- before having a Standing Committee meeting. This will tie in with the Immediate Action recommended. With regard to Further Action, we think OSO should work with OSI and ORE on priorities and OSO capabilities, and the CIA office in charge of the new Exploitation Centre should work with them on that "field operation". The ever-present question of priorities will have to be clarified somehow within CIA -- maybe by inter-office boards, ORE-OSI-OSO for covert and for domestic overt, ORE-OSI-OO or OCD and then, if our new NSCID goes through, maybe this can be extended outside CIA to the other collectors.

Recommendations 2 and 3:

Should be implemented by the Air Force and AEC. If they don't or won't do this, we should report it to the Executive Secretary, NSC. OSI thinks this calls for AEC action at some of its plants.

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Recommendation 4:

"Reorganization" of the collection activities abroad is a hot potato. What do you want us to do -- how far to go towards unified collection for intelligence matters relating to the National Security? one budget? adequate personnel? type of personnel? and their location? priorities of collection? Maybe we shall have to wait for the new NSCID. There are various items that now could be corrected by the agencies concerned such as MacArthur's filing out there interrogation reports without sending copies of them back here, slowness of transmission of similar information from Germany, etc., etc.

OSI and CIA can take care of the "Immediate Action" and are doing this with HICOG through the new Exploitation Centre which will also take care of the Further Action recommended. The IAC can then be asked to direct their personnel in Germany to give this full support. This is tied in with Recommendation 6 also.

Recommendation 5:

Should this be handled in CIA by the Advisory Council? or OSI? or COAPS? Some think that there should be a new NSCID 9 to strengthen the civilian (State and CIA) participation in this matter to get more than pure "order of battle" which now dominates this field. We understand that USCIB now has but little if any control over this activity. The CIA-Executive may be able to make some personnel available but most of them should come from the Service IAC Members.

Recommendation 6:

In the overt field this is similar to Recommendation 4. I think that OSO should make recommendation on Occupied Areas (maybe without talking with the Army first), and then DCI should work on the Army to get the best possible position for OSO.

Recommendation 7:

OSI is now working closely with OSO. We shall look into the ORE-OSO channels.

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Recommendation 8:

Awaiting action on Reply to [] Staff Study. (Word has just reached us that OPC thoroughly approves of the [] Staff Study's Recommendations!!!)

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