

C O N F I D E N T I A L

From Aleks KURGVEL 29 July 1974
To WHOM IT MAY CONCERN (Through Immediate Supervisor)
Subject RETIREMENT PLANNING

I have postponed formal action on the "Retirement Planning" letter which I was given in August 1972, because I have not yet received answers to the essential points of my two letters mentioned below, treating the same subject,

- a) "Financial Problems Connected with Enforced Retirement." dated 18 August 1970, and
- b) "Request for Financial and Legal Help in Connection with My Troubles with the New York State Personal Income Tax." dated 13 February 1974.

In order to plan my life after retirement and to take necessary steps to secure my rights and duties, I need clear and argued answers to the following questions brought up in those two letters:

- 1) Can my active service in the Estonian Army from 1923 to 1940 really not be included in the base of computation of my retirement annuity?
- 2) May I use the cover of retiring from the Department of the Army, and having served with the latter, or not?
- 3) Will the Agency help me to overcome the financial troubles connected with the forced payment of double State Personal Income Taxes, - to the District of Columbia, as I was initially advised to do by the Agency, and to the New York State, as I also was belatedly advised to do by the Agency?

RATIONALE to the Abovementioned Questions.

Question 1. I find that this question can and should be solved positively under the consideration of the reasons brought in point 6 - a, b, c, d, e, and f of the a/m letter (a), a copy of which is here attached.

When deliberating this question, it should also be considered that:

- 1) Agency's contact with me through the intermediary of Mr. A.REI was made in such a way that I got the impression of being contacted on behalf of the Department of Defense or the Department of the Army to whom I had tried

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to establish contact. In 1946/47 I was able to get in touch with Colonel William Evan SHIP, a former U.S. Military Attache to the Baltic States. Colonel Ship promised to take steps to bring me in contact with the proper authorities for being used in anti-communist struggle. When I was later contacted with reference to Mr. Rei, then I thought that the steps of Colonel Ship were having results. The behavior of the first American official who contacted me, strengthened this my impression of being in contact with the military intelligence people while always addressing me with my military rank, in conversation as well as in letters. (See attachments.)

2) Mr. Rei, in his official capacity of Acting President of Estonia, stressed the point through his Estonian intermediary that "the Americans" needed an agile Estonian commissioned officer with specific training and experience in intelligence work, and with unblemished political record, who could achieve the necessary favorable rapport with the potential Estonian agents. From the number of available officers Mr. Rei and his lieutenants had selected me because they found me best corresponding to those high demands. Fortunately for me, this assessment of my qualities by Mr. Rei, as I learned later, matched in general with the findings of the late Colonel Gustav B. GUENNIER, which he as Major and U.S. Military Attache expressed in his note dated August 5. 1938. A copy of this note, made from the original in the U.S. National Archives, is here attached.

3) Mr. Rei stressed also that this my work with the Americans will be considered as the continuation of my active duty as an Estonian officer.

4) It is not absolutely necessary for my survival that the base of computation of my annuity be broadened to cover the years of my service in the Estonian Army. This is much more necessary for the principle of fair treatment of members of foreign armed forces with whom the United States has or wants to co-operate in sensitive operations, and with whose countries the USA has respective standing treaties, like there is one with Estonia.

5) The fact that the United States has not declared war to any state during or immediately before the start of my work with the Agency, and that my services, thus were not "during the time of war," is factually and practically of

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no real value because at that time, as well as at present time, a "declaration of war"^{was and} is an anachronism no longer used in conduct of war. Besides, in the intelligence work, especially if this is aimed against the communists and carried by the people whom the communists argue being Soviet subjects, there is no difference between peace and war time. The Consul General of Estonia in New York told me in 1970 that the Consular Treaty between the U.S.A. and the Republic of Estonia is still in force and has been applied in connection with the military service obligation of an Estonian resident of the U.S.A. (See attached copy of my report dated 10 March 1970.)

Question 2. I have fatefully followed Agency's instructions concerning the cover story of serving with the Department of the Army. It would be very damaging to my standing in the Estonian community if it would now be flatly disclosed that I was never with the U.S. Army, thus that I have lied to my Estonian compatriots all the time. This would be bad for the Agency also, because it would show that an agent, in this case I, who has served honestly for long time, is being let down when his work is terminated. This would also add one more back-stop to the bad publicity which the enemies of the United States are spreading about the Agency.

However, the fact that I have been working with the Agency can not be kept secret forever.

According to the regulations, either the Director or the Deputy Director of the Agency must be a high-ranking officer of the Armed Forces. This is evidently meant to safeguard the necessary good understanding and co-operation between the Agency and the military intelligence authorities. Thereby the Agency has the right to give instructions to others in the field of intelligence work. I think that it would be in the general interest if the Agency and the Department of the Army (or department of Defense, if necessary) agree to the effect that an order be issued saying something like this:

"Estonian captain Aleks Kurgvel, who served with the Army since 5 September 1951 and was attached to the CIA, is being retired from the Army with the effect from September 13, 1974." More could be added if necessary.

Such a compromise, mentioning that I was detached from the Army to the Agency, would conform with my understanding of the situation in which I was during the first years of my service here, until I learned the true name of

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my employer inserted into one of my Contract Renewal papers. This would also settle the question of lying to my friends because then I could explain, if needed, that I just was ordered not to disclose the details of my work.

This order should be worded in such a way that it would also constitute the basis upon which my service in the Estonian army would entitle me for an annuity additionally to this which is bound to the 23 years service with the Agency.

Question 3. If the questions 1 and 2 will be solved in the way like I have suggested, then there would be no problem with solving of the third question by my own means. If, however, the decisions in points 1 and 2 will be negative, then I really need substantial financial help for the solution of this problem without being pulled down into dangerous depth morally and materially.

I am asking those who have to decide upon this case to keep in mind the following:

- a) I did not bargain about the pay when I started the work. I thought that I shall be paid the equivalent of the pay of an American Captain of my seniority or a Lieutenant Colonel according to my position in Estonia. Neither was done.
- b) When my family and later I myself emigrated to the United States, I had to report to my supervisor that it was absolutely impossible to support the family on the pay I was receiving. A very modest raise was given then.
- c) I really asked for the raise for the first and only time when my younger son was accepted as a student by the Catholic University in D.C., and I intended to bring my family here, while the earlier objection to this by the Agency had been dropped. I was denied the raise because of the scarcities of funds, and I was told that I had to blame myself for my troubles because "you were foolish to start working with the Agency on too low pay..." This killed my plan to unite the family in Washington, D.C., and thus my extra expenses of living separately and of commuting between the work and the family (Washington and New York) have been continuing through all the 23 years. I could not afford to bring my family here because our household was depending also on the income my wife was earning in New York, and no job for her was in sight in Washington.

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d) In addition to the mentioned troubles came then the expenses and troubles with the double state taxes which, I dare say, were at least for some part caused by the not too sound advices given to me by the officials of the Agency who should have known the regulations of the United States better than did I, a newcomer by then.

Looking back on my work with the Agency, I must say that in the beginning I was glad to find an opportunity to help the United States and by the same token my native country, Estonia, by my dedicated professional work. I even renounced the opportunity to emigrate from Germany to Canada because I thought that I would be of better use in the States.

I have been outspoken, pointing to the actions and circumstances of which I thought that those were harmful to the aims of our work. This was often not liked; however, sometimes I was glad to notice that my warnings were listened to. Of course, this did not help me to make friends among my superiors.

I have not objected to any job. I have accepted all assignments, even to Jordan in 1958, when the rebellion was still very much in the air there. When suggested to go on permanent station in Paris, it would have been a lucrative assignment at this time, I did not object, but I brought the attention of the authorities to the possibilities of some trouble or inconvenience to the Agency if some of my former French acquaintants from the time of my service in the Estonian 2nd Bureau would by chance meet and recognize me.

I won't say that I had money troubles. I and my wife were used to live in limits of our income. But the life was tough and required thriftiness. Therefore, through all the time in Washington I have been living but in one small and cheap furnished room. I thought to save some money by this thriftiness. However, now the New York State tax authorities are teaching me that I would have had less troubles with the question of disputable residence, whether in Washington or New York, had I lived here in an comparatively more expensive apartment instead of one cheap furnished room. I am not sarcastic by nature, but the comparison of this teaching by the New Yorkers and of the admonishing by a supervisor that I was fool to start working on a too small pay, make me smile...

I still hope that, helped by your wise decisions, I will be able to leave the Agency with similarly nappy feelings which I had when joining it.

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[Handwritten signature]