

COS To NSO + COP COMMENTS

1 to 2 & 3. I have thrown [] name into the ring here primarily for consideration as an individual who can assist in identifying a suitable boat, as well as assessing its soundness. His services should prove valuable for any boat surveys that OPC may require. He may also serve as a cut-out purchaser since he has owned a number of boats in his own right. [] Utility to OPC for this and similar purposes is based upon the following qualifications:

- (a) Located in Washington;
- (b) Life-long experience with small boats;
- (c) Experience in U.S. Navy with salvage operations and as skipper of a large tug;
- (d) Experience with War Shipping Administration as surveyor, et al;
- (e) Present employment as yacht broker;
- (f) As former owner of miscellaneous type craft, suitability as cut-out purchaser with technical competence to arrange for refit.

COS/rap ✓

(NSO) Comment by 2:

Another possible cut-out purchaser, already cleared as I understand it, has been proposed by [] SPA (a). Of the three it appears only the latter could, from Internal Revenue point of view, explain reasonably how he suddenly increased his capital worth by \$100,000. I believe we should all get together and make a decision []

TOP SECRET MATERIAL OUTSIDE OF OSO OR OPC.

ET 92210 PLEASE RETURN THIS FORM TO REGISTRY 41469

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

4 May 1954

MEMORANDUM FOR: FB-I

SUBJECT: BGFRIEND Propaganda Vessel

1. [redacted], ABB/1, today told me that he was developing a sub-project to cover the acquisition of subject vessel and asked me for some estimates of costs. These are in Attachment "A", but they do not include the salaries of the (5) five members of the propaganda staff, the costs of the medium wave broadcast radio equipment which is already charged off, or unforeseeable contingencies such as collision, grounding, personnel accidents, and other extraordinary costs.

2. I thought it best to record and disseminate at this time the present status of my action on FB I's memorandum to me (TS # 41206) and other facts which may be pertinent to the project development.

3. I have contacted, either through an unlisted telephone or through P.O. Box 1901, two yacht brokers, Yacht Sales and Service of Philadelphia and Gordon Raymond, New York, using my correct name without any Navy title. To these individuals I have merely said that I have a friend who may be interested in buying a yacht. Responses from these two firms have been narrowed down to three vessels:

VEGA	Acapulco, Mexico	- \$150,000.00
✓ IRMAY	Miami, Florida	100,000.00
✓ SERVA LA BARI	Gloucester, Mass.	65,000.00

[redacted], Communications Division, and I plan to inspect the latter two vessels in the very near future to ascertain their suitability for use as prescribed by FB I.

4. A yacht type vessel is the more suitable to our purposes for reasons of its flexibility of operation, its private cover potentialities as viewed against commercial cover, and its height of masts in relationship to size for accommodation of radio broadcast antennae.

5. [redacted] and I can inspect each of these vessels without mentioning the name of the prospective buyer but such is not ordinary practice. Two individuals are currently under security processing to be our cutout purchaser. They are:

[redacted] was recommended by COS and [redacted] by [redacted] I do not know of the detailed status of [redacted] but I do know that [redacted]

CLASSIFICATION CANCELLED OR CHANGED TO

~~Secret~~

SECURITY OF
BY

100-1-58-41
[redacted] / B

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[] now owns two yachts and has bought and sold yachts, not for profit, for several years. Of the two individuals, [] therefore is apparently more suited to be our cutout. I request that this be resolved if possible prior to inspection of the vessels by me and [], in order that we may give the name of the prospective buyer.

6. On the assumption that one of these vessels will be determined as suitable, the following procedure is to be utilized in getting the vessel into an operational status:

a. The cutout purchaser, when authorized and financed by us, will receive title to the yacht and cause it to be delivered to the Smith Boat Yard (no relation) in Baltimore. Through the cutout purchaser we shall deliver our instructions for conversion and refit to the boat yard. The conversion involves docking, placing of copper sheathing on the hull, conversion of a portion of the living spaces to a broadcast studio and such other incidental repairs as are necessary for extended operations.

b. When the conversion and repairs are finished, the cutout owner will transfer the vessel to Panamanian registration.

c. A Panamanian-licensed master, who is now being security cleared after nomination by [], will then assume his job including that of getting on board a crew and making the vessel ready for sailing. The crew can be of any nationality under the law.

7. Should we be unable to locate a yacht type vessel which is suitable to our purposes, the only alternate course of action seems to be to go into the commercial cover field, which would involve fishing vessels and costs at least double those enumerated in Attachment "A".

8. Photographs, sketches and characteristics of the three yacht type vessels are on file in my office.

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[]
Commander U. S. Navy
Naval Support Officer

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ATTACHMENT "A"

Original Cost, maximum, yacht type	\$ 150,000.00
(Transfer of title, Transfer of registry to Panama, Delivery to conversion yard, est.)	
Conversion, short-wave radio equipment	1,200.00
Conversion, marine railway charge	300.00
Conversion, copper sheathing	2,550.00
Conversion, installation changes	8,000.00
*Reimbursement of cut-out for income tax purposes	?
Refit for extended operations	2,500.00
Salary, Master, annual at \$700 per month	8,400.00
Salary, Engineer, annual at \$550 per month	6,600.00
Salary, cook, annual at \$300 per month	3,600.00
Salary, A. B. Seaman, annual at \$250 per month	3,000.00
Salary, O.S. Seaman, annual at \$200	2,400.00
Operating costs, annual	
(Based on yacht practices, 50,000 miles per year, including fuel, provisions, minor upkeep and repairs, compulsory pilotages, wharfage fees, insurance, and other ordinary expenses)	

TOTAL

[]

[]

*Legal advice necessary on this.

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