

SECRET

1 8 JAN 1991

MEMORANDUM FOR: Chief, Operations and Resource Management Staff
FROM: []
Chief, Political and Psychological Staff
SUBJECT: QRPLUMB Liquidation Plan

1. The following is in response to the issues raised in the concurrence on the QRPLUMB liquidation plan:

A. Operational reasons for transferring the proprietary with a lump-sum funding versus closing it down and making termination payments:

The guidance received from the NSC was to phase out the Agency support of the QRPLUMB project over a period of one to three years, with our assistance in locating alternative sources of fundings. The decision to provide a lump sum funding and severing ties versus reducing funding over the next three years was made to enable the QRPLUMBs to solicit funds from other U.S. sources. QRPLUMB is prohibited from soliciting funds from within the United States while they are receiving Agency funding. The lump-sum termination payment lifts this restriction.

After careful consideration and discussions with the principal assets of QRPLUMB it was agreed that the business would be returned to the assets. The QRPLUMBs are committed to continuing the publication.

The history of QRPLUMB ownership is that it was formed in 1946 by QRPLUMB/2, the Agency began funding the project in 1952. Since that time the relationship has been reclassified from a subsidy to a proprietary and back to subsidy. The business is now being returned to the owners for no cost for the Agency never compensated the assets for the business when it became a proprietary.

The transferring of the proprietary to the principal assets has the additional advantage of deflecting conjecture that the project was Agency funded during this time when other Agency funded CA projects are being terminated.

B. Brief NSC on the decision to make a [] lump-sum payment and sever ties with QRPLUMBs:

If so determined that the NSC should be briefed on the termination and payment, PPS is prepared to provide the briefing.

WARNING NOTICE
INTELLIGENCE SOURCES
OR METHODS INVOLVED

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

CL BY []
DECL OADR
DRV HUM 4-82

SECRET

SECRET

C. How the pension plans will be handled:

The pension plans are fully funded and handled through a pension firm. The pensions will be administered by that company and will be paid when the recipients are eligible.

D. Breakout of estimated termination payment:

Attached is the estimated liquidation costs as provided by the QRPLUMBs. Their estimate totals \$440,237 and an additional fee for the management consultant was factored into the termination payment. Total termination costs were estimated by PPS to be

[] The payment of [] will enable the QRPLUMBs to operate at a reduced level for one year. PPS's original budget figures were [] for FY91 and [] for FY92. This payment is a lump-sum of the two year's budgets while keeping within the NSC guidance to wean our funding over the period of, no more than three years.

E. Financial reports and records:

Financial reports have been received through 30 September 1990. No additional reports will be received after 30 September because as of 1 October 1990 the QRPLUMBs were no longer funded or tasked by PPS. The equity in QRPLUMB as of 1 October 1990 is what the QRPLUMBs will acknowledge in the quit claim along with the additional [] termination payment.

[]

SECRET

SUBJECT: QRPLUMB Liquidation Plan

DO/PPS/PMO ([72405,4N53) (14 January 1991)

Distribution:

Orig & 1 - Addressee
1 - C/PPS
1 - C/PPS/PP
1 - PPS/SIB
1 - C/PPS/SEO
1 - PPS/PMO

ESTIMATED ONE TIME ONLY LIQUIDATION COSTS

| | | |
|----------------------|-----------------|--------------------------------|
| LEASE | (NEWARK OFFICE) | \$169,000.00 ✓ |
| LEASE | (LONDON OFFICE) | 4,000.00 |
| COST OF MOVE | (3 CITIES) | 50,000.00 |
| PENSION PLAN PENALTY | | 10,000.00 |
| SEVERANCE | (6 PEOPLE) | 20,000.00 |
| SEVERANCE | (7 PEOPLE) | 73,000.00 |
| OTHER LEASES | (EQUIPMENT) | 114,237.00 ***** |
| TOTAL EXPENSE | | \$440,237.00 ***** ***** |

BREAKDOWN ON LEASES:

1. NEWARK RENT (MONTHLY \$6,500.00) 26 MONTHS REMAINING FROM FY'91 UNTIL END OF LEASE (NOV. '92) APPROX. \$169,000.00
2. LEASE ON VIDEO (MONTHLY \$1,103.54), 54 MONTHS REMAINING, AMOUNTS TO \$64,388.76 OBLIGATION (BUY OUT \$44,269.08)
3. LEASE ON PHOTOCOPIERS NEWARK & LONDON: NEWARK \$3,154.56 (17 MONTHS), LONDON \$57,380.40, (48 MONTHS, BUY OUT \$47,211.45)*
4. LEASE ON LONDON MAC/PC & PRINTER (BUY OUT \$4,059.00)*
5. LEASE ON CAR (43 PAYMENTS) \$15,542.78

COST OF MOVE BREAKDOWN:

1. NEWARK, BASED ON COST OF MOVE IN '87 AND FACTOR THAT WE MAY HAVE TO SPREAD BELONGINGS TO AT LEAST TWO ADDRESSES, OUR ESTIMATED COST OF MOVE IS \$40,000.00+
2. LONDON, BASED ON COST OF MOVE AND INFLATION FACTOR, COST OF MOVE IS ESTIMATED AT \$4,000.00
3. MUNICH'S COST OF MOVE AND LIQUIDATION COST IS ESTIMATED AT \$6,000.00 & WRAP UP (CLOSING OUT COMPLETELY).

* 1.65 = 1 U.S.D.

COST OF PENSION ROLL OUT:

1. BASED ON 5% PENALTY STIPULATED IN CONTRACT. ESTIMATED COST WILL BE \$10,000.00

COST OF SEVERANCE PACKAGE:

1. SIX PEOPLE - Z. SOKOLIUK \$6,000.00, P. SHUTAK \$4,000.00, A. GOTZUR \$2,000.00, H. PUSZKAR \$2,000.00, V. KACZMARSKYJ \$5,000.00, L. DATZKIWSKY \$1,000.00
2. SEVEN PEOPLE - R. KUPCHINSKY \$22,200.00, S. WELHASCH \$15,500.00, J. MAJIWSKYJ \$11,200.00, P. SODOL \$9,600.00, G. SMYK \$2,100.00, N. ENESCU \$4,400.00, T. KUZIO \$8,000.00

NOTE:

BASED ON YEARS OF SERVICE 20 YEARS - SIX MONTHS PAY, 15 YEARS - 5 MONTHS, 10 YEARS - UP TO 4 MONTHS, 5 YEARS - UP TO 3 MONTHS, LESS THAN 5 YEARS 1 - 2 MONTHS