

SECRET/CIA INTERNAL USE ONLY

CENTRAL INTELLIGENCE AGENCY
2430 E Street, N.W.
Washington 20505

25X1A2g

INTELLIGENCE INFORMATION REQUIREMENT

DATE 7 August 1959

AREA: COMMUNIST CHINA/NETHERLANDS
SUBJECT: Trade activities of Witgeverij Boekhandel Pegasus
REFERENCE: (17 April 1959)

25X1A2g

BACKGROUND

The firm Pegasus has been engaged in the business of providing publications (including U.S.) to Communist China and in one case was involved in the shipment of U.S. microprint readers which are believed to have also been transhipped to Communist China. Personnel of DD/P solicited the assistance of this Office in securing the cooperation of Commerce and Treasury Departments for the purpose of having these departments take appropriate action against this firm. These approaches resulted in the Treasury Department designating Pegasus as a "national" of Communist China under Foreign Assets Control Regulations in July 1958. This action denied the firm the privilege of engaging in U.S. dollar transactions. On the basis of a [redacted] report that U.S. micro- 25X1A print readers had been shipped by Pegasus to Communist China, the Bureau of Foreign Commerce issued a temporary suspension order against Pegasus and firms affiliated with it, effective 22 April 1959, which temporarily denied the firm and its affiliates U.S. export privileges. The Pegasus firm informed Commerce that they were unaware of the Communist China destination of the microprint readers and supplied documentation showing that the readers had been sent to Poland. Since this was the only evidence of violation of U.S. export controls (most publications do not require a validated license for shipment to Communist China) the suspension order was lifted on 21 May 1959. However, the Department of Commerce is still following the activities of the firm in the hope that additional information will be developed which, when added to the previously mentioned reports, will permit reinstatement of Compliance Action against the firm.

The referenced report dated 17 April 1959 was not originally disseminated to the Departments of Commerce and Treasury. It was, however, referred to in [redacted] (24 June 1959) 25X1A which resulted in an inquiry from Commerce Department. The only set of enclosures to the [redacted] report had been sent by DD/P to State Department where they were destroyed. The Department of Commerce is interested in seeing copies of these enclosures if they can be made available. 25X1A

1. DEGREE OF NEED: STANDARD <input checked="" type="checkbox"/> GREAT <input type="checkbox"/> URGENT <input type="checkbox"/>	For the Chief 25X1A9a
TARGET DATE: AQAP	Intelligence Information Staff
DEADLINE:	[redacted]
2. ORIGINATOR: S/TP	[redacted]
3. COORDINATION (in substance): Commerce and Treasury	[redacted]
4. SUGGESTED SOURCES: FY	Acting Chief, Requirements Br.
5. CHECKED WITH: IN <input checked="" type="checkbox"/> SA <input type="checkbox"/> SR <input type="checkbox"/> SC <input type="checkbox"/> LIBRARY <input checked="" type="checkbox"/>	Office of Research and Reports
6. NO. OF COPIES FOR REQUIREMENT'S STAFF:	
7. REMARKS: Requester: [redacted] x 2232	

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NOTE: This requirement was discussed with [redacted] on 6 August 1959.

St./I.R. [redacted]:sdh/521

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AREA: COMMUNIST CHINA/NETHERLANDS

25X1A2g

7 AUGUST 1959

SUBJECT: Trade Activities of
Uitgeverij Boekhandel
Pegasus

QUESTIONS

25X1A

1. According to the referenced report, Pegasus established the firm, De Tjalk to act for it in U.S. dollar transactions after Pegasus was proclaimed a designated national by the Treasury Department.
 - a. Provide further information or documentation showing that De Tjalk (or any other firm) was established by Pegasus for the purpose of frustrating Treasury Department's designation of the firm as a "national" of Communist China. This would, of course, include the use of De Tjalk or other firms to engage in dollar transactions on the behalf of Pegasus.
2. Pegasus and its affiliated firms were denied all U.S. export licensing privileges during the 22 April-21 May 1959 suspension period, referred to above.
 - a. Supply information concerning the receipt of, or orders for, U.S. commodities or publications by Pegasus and/or De Tjalk during the suspension period.
 - b. Report efforts of either firm to violate the suspension order.
 - c. Provide documentation if possible.
3. The Bureau of Foreign Commerce Compliance Case against Pegasus is being held in abeyance since they are currently unable to refute the firm's representations that it was uninformed, and therefore unaware, that the microprint readers were to be re-exported from Poland to Communist China.
 - a. Provide information that Pegasus was aware of the Communist Chinese destination of this shipment.
4. A Bureau of Foreign Commerce Compliance Action may be applied to affiliates and officials of a firm charged with violations of U.S. export control regulations as well as against the firm itself.
 - a. Provide the names of all affiliates of Pegasus.
 - b. Determine which of the principals of Pegasus, De Tjalk, or other affiliated firms should be listed under a Bureau of Foreign Commerce Compliance Action against Pegasus. Indicate their positions and influence in the firm and their participation in any of the illicit activities referred to above.
5. The attachments to the referenced report are no longer available in Washington.
 - a. Provide copies of these attachments if possible.