

23 December 1954

MEMORANDUM FOR: Colonel L. K. White

SUBJECT : Emergency Cash Reserve

REFERENCE : Memorandum from Comptroller dated 1 December 1954, same subject

1. I think it would be desirable to have a cash reserve at the [redacted] for emergency use, and I am sure adequate safeguards can be established to protect such a sensitive cache from tampering.

25X1A6d

2. However, I question the necessity for any such sum as [redacted] as suggested by the Monetary Branch. This figure is based on the present rate of cash expenditure for a two-week period by the Agency as a whole, whereas my view is that the [redacted] reserve should be more properly measured by the estimated needs of the Emergency Center itself, under extreme conditions of chaos immediately following an enemy attack. We can't possibly stockpile sufficient currency for full scale Agency operations for any length of time. If the United States Treasury and all twelve Federal Reserve Banks are out of business, or all means of reaching those that are still functioning are destroyed, the immediate operational needs of CIA would undoubtedly have to be postponed for a while in the face of such a national disaster.

25X1A1a

25X1A1a

25X1A6d

3. When I talked to [redacted], he was thinking in terms of approximately [redacted] but even this sum seems hard to justify. Monthly expenditures under present conditions are about [redacted]. The addition of [redacted] emergency personnel would, of course, increase this amount, but a two-week emergency stockpile of food is always kept on hand, which would make the Center almost self-supporting for the first two weeks.

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25X9A2

4. [redacted] has pointed out that the emergency group would probably arrive without funds and any immediate relief for them and through them to their dependents would help solve what might be a serious morale problem. Allowing [redacted] per capita for the immediate needs of [redacted] new arrivals, would require [redacted] two weeks operating expenses of the Center would be another [redacted]. I would suggest that [redacted] to [redacted] would be a reasonable sum sufficient to meet the immediate needs of the Emergency Force during the first days following mobilization.

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25X1A1a 25X1

25X1A1a

5. Incidentally,

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5. Incidentally, I am not sure that the Comptroller is correct in his statement that the taxpayer would be losing 2 1/2% of any sum put in stockpile. The NEW YORK TIMES reports that there were \$26,110,089,000.00 Federal Reserve Notes outstanding as of 1 December 1954 and even [REDACTED] would be a small fraction of that vast sum.

25X9A2

H. GATES LLOYD
Assistant Deputy Director
(Administration)

ADD/A:SEL:mel (23 December 1954)

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