



Intelligence Servi - 13,004
 X Spain
 X Hayes, Carlton J.H.
 X State Dept.
 X OSS

APPENDIX A #13,062

EMBASSY OF THE
 UNITED STATES OF AMERICA

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Personal and
Strictly Confidential

Madrid, November 4, 1943.
 1 of 9

Dear General Donovan:

You may have thought me, during the past ten or twelve months, a quite intransigent opponent of OSS in Spain. I can assure you that throughout all the time I have been here I have retained the same basic belief in the organization's great potential utility and the same desire to cooperate loyally with it as I expressed when I last talked with you in person back in April 1942. My trouble has been, throughout all these past months, not with the organization as such but with the incompetence of local chiefs and the lack of adequately trained personnel with which it has been afflicted in Spain up until now.

Now, however, thanks to the recent visit of Colonel Gridley and Mr. Spencer Phenix and to the attendant frank and amicable conferences I have had with them and with Mr. Gregory Thomas, a new era appears to open. We have arrived at a mutual understanding which is embodied in principle in the enclosed memorandum and which should provide a sound basis for future cooperation in detail. I trust that it will meet with your approval and that, as a first step in implementing it, Mr. Thomas's position here will be promptly regularized through joint action of yourself and the State Department.

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I am supplying the Department with a copy of the memorandum and with a like recommendation under cover of my despatch No. 1559 of today's date.

With the highest personal regards,

Faithfully yours,

Carlton J.H. Hayes,
 American Ambassador.

DOCUMENT NO. 13,062,027
 NOT IN CLASS.
 DECLASSIFIED
 CLASS. CHANGED BY S 2011
 NEXT REVIEW DATE 11/1981
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Enclosure:

1/ Copy of memorandum, as stated.

General William J. Donovan,
 Chief, Office of Strategic Services,
 Washington, D.C.

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Enclosure No. 1 to despatch
No. 1559 of November 4, 1943,
from American Embassy, Madrid.

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Madrid, November 3, 1943.

Memorandum on Understanding
between Embassy and OSS in Spain

(As Agreed Upon in a Series of Conferences,
Oct. 22 - Nov. 3, among the Ambassador,
Colonel Gridley, Messrs. Phenix, Thomas,
Steele, Beaulac, Haering, and, in respect
of Sections IV 7 and 8, Colonel Hohenthal
and Commander Lusk)

I. Functions.

1. Secret Intelligence (SI) will be conducted by OSS, and at the present time will be directed primarily to obtaining military information from enemy and enemy-occupied territory. So far as direct intelligence from Spain is concerned, SI operations will cover only such intelligence as may be requested or agreed to by the Ambassador and the Military and Naval Attaches, or be required by the Joint Chiefs of Staff with the concurrence of the State Department.
2. In connection with any possible intelligence work within Spain, it should be borne in mind that the Ambassador has been authorized by Washington to give the most solemn assurances of the United States Government to the Spanish Foreign Minister that "none of our personnel in Spain are engaged in activities which are directed against Spain".
3. Counter Espionage (CE) will be developed within Spain by OSS as soon as adequate trained personnel is available.
4. Neither Morale Operations (MO) nor Special Operations (SO) will be undertaken for the present.
5. A representative of the Research and Analysis Branch (R and A) may be attached to the Madrid office of OSS for the purpose of preparing better-evaluated and more authoritative reports on SI material from this area.
6. OSS in Spain will not become involved in any activities embarrassing to the Embassy. The decision as to what is or is not embarrassing rests with the Ambassador, who should be kept currently informed of the nature of the activities in which OSS engages or plans to engage in Spain.

II. Organization and Personnel.

1. OSS in Spain is coordinate with the offices of Military Attache and Naval Attache, and like them is a part of

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the Embassy. Just as each of these offices is under a chief whose duty it is to keep the Ambassador informed and to seek his counsel and follow his general instructions, so the Director of the OSS in Spain has a like duty.

2. Mr. Thomas is recognized as Director of OSS in Spain, and, under him, Mr. Steele as Acting Branch Director of SI in Spain. Recommendation will be made for the bringing of an additional officer, satisfactory to the Ambassador, to Spain, and as soon as he arrives it is contemplated that he will be designated by Mr. Thomas as Branch Director of SI in Spain and that Mr. Steele will then be named Field Operations Officer and will henceforth spend much of his time coordinating and supervising the activities of the several SI agencies in the field.

3. The number of American agents now in Spain will, for the present, suffice for its SI work when the additional officer is added, together with a Finance Officer, three code clerks and four stenographers, the need for which the Embassy recognizes.

4. For CE work, OSS will require a Branch Director (under Mr. Thomas) and, at the outset, one or two other specially trained agents. These are not now available in Spain but should be brought from Washington or London as soon as possible.

5. No further OSS personnel should be brought into Spain as Petroleum Attaches. Further additions or replacements should be made under the cover of Embassy Attaches or clerks or private citizens or possibly, in the case of CE personnel, of Vice Consuls. Any such Vice Consuls, however, would be regular members of consular staffs and subject to the same supervision and discipline as other consular subordinates.

6. The Joint Chiefs of Staff have agreed unequivocally to the immediate withdrawal of any agent causing embarrassment to the Embassy. Hence in cases where the Ambassador has reason to believe that a certain individual is connected with OSS and that his activities in Spain are likely to cause embarrassment to the Embassy, the Director of OSS in Spain will, upon the Ambassador's request, inform him whether or not the individual in question is in fact connected with OSS.

7. Agents of OSS have the usual responsibility to the principal consular officer of any consular district in which they may be residing or operating.

III. Security.

1. The conduct of OSS personnel in Spain will be subject to proper discipline and sanctions.

2. Except for Petroleum Attaches already in dual employment, OSS will not seek, without the approval of the Ambassador, the services of or remunerate any officer or em-

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ployee, American or alien, of the Embassy, of any Consulate or of any other agency of the American Government in Spain.

3. Care will be taken not to involve the Embassy or any Consulate or any other agencies of the American Government in OSS activity which might be disclosed to their prejudice or embarrassment.

4. No Spanish or other alien will normally be employed at the Madrid office or at a Consulate in any confidential capacity.

5. Due precautions will be taken to insure the security of codes, confidential papers either of OSS or of Embassy, and confidential conversations.

6. No Spanish or other alien will be given any knowledge of the use of the diplomatic pouch or the courier service for transmission of intelligence material. The same rules apply to OSS as to the Embassy and Consulates governing pouch and courier service.

7. Local financing of the local OSS with Spanish or other foreign currency will be done with prior knowledge and approval, in each instance, of the embassy.

IV. Coordination.

1. Properly to integrate the work of OSS in Spain with other work of the Embassy and to expedite needful and desirable collaboration, both the Ambassador and the Director of OSS in Spain will confer frequently with each other. Besides, First Secretary Haering will serve as Special Liaison Officer of the Embassy with OSS.

2. OSS in Spain will endeavor to know and respect, and will be periodically informed about, the over-all policy being pursued by the United States Government and the Embassy in Spain. To this end the Director of OSS in Spain will participate in the regular weekly conferences of the Embassy's senior officers and section chiefs.

3. The Director of OSS in Spain and the Branch Directors of SI and CE will have access to the Ambassador, to senior Embassy officers, and to the Military and Naval Attaches. Other agents of OSS will deal with the Embassy either through their own Directors or through the Embassy Liaison Officer (Mr. Haering).

4. OSS agents operating in or near a Consulate will deal with the principal consular officer and not with any subordinate officer or employee of that Consulate. Principal consular officers will cooperate in affording security protection for OSS personnel and documents.

5. The Ambassador has been authorized by the State Department, with the concurrence of OSS, to examine all incoming and outgoing correspondence transmitted through the Embassy. He will exercise this right to the extent he considers necessary.

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6. Full facilities of the Embassy pouch and courier service will be afforded OSS in Spain. To provide desirable addition to this, especially between Barcelona and Madrid, recommendation will be made to OSS and to the State Department that they jointly arrange to supplement by one the present number of Madrid couriers.

7. To effect proper coordination of SI of OSS with similar intelligence of our other agencies in Spain, it is proposed that periodic meetings, preferably weekly, be held of a Joint Intelligence Committee, consisting of the Military Attache, the Naval Attache, the Director of OSS and the Embassy Liaison Officer (representing the Ambassador), with the senior military or naval officer acting as chairman, for the purpose of discussing matters of mutual interest.

8. To effect proper coordination of projected CE of OSS with similar existing intelligence of our other agencies, it is proposed that as soon as CE of OSS is established in Spain periodic meetings be held of a Joint Counter Espionage Committee, then to be constituted of representatives of the several agencies interested in counter espionage activities. It is contemplated further that the Director of OSS would develop and maintain a central card index of counter espionage material in the files of the several agencies, with the cooperation of these. Each agency, however, would maintain separate contact with its counterpart in the British set-up. For example, OSS would deal directly with the British Passport Control Office in CE matters; the Economic Control Section would continue its intimate contact with the corresponding section of the British Embassy; the American Consulates would continue cooperation in passport and visa matters with the British and other friendly Consulates; the Military and Naval Attaches would continue to deal directly with the Military and Naval Attaches of other countries. With eventual development of such organization and coordination, it would appear unnecessary to seek representation of FBI in Spain.

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