

CIA REVIEWED 31-May-2007: NO OBJECTION TO DECLASSIFICATION.

USAF REVIEWED 20-Apr-2007: NO OBJECTION TO DECLASSIFICATION.

A-224

REFER TO CIA

April 19, 1944

AIR POUCH

Major Nicol Smith
 Detachment 202
 APO # 879
 c/o New York Post Master, N. Y.

Dear Major Smith:

I have your letter of April 5 and while same was mailed from Detachment 101, Mrs. Allison tells me that the above address is probably apt to bring this letter to you more promptly.

In addition to answering the specific questions brought up in your letter, I will list additional transactions which effect your accounts and which have occurred since my letter of March 23 written in reconciliation of your accounts up to December 9.

My wire #311 replied to your request for an additional deposit of \$25,000. This wire stated that because I had deposited \$30,000 in your Special Account to cover the cost of certain foreign currencies, which were never turned over to another unit as originally contemplated, the transfer of \$25,000 was not effected. In this connection I note that as of the 17th of April, your balance in the Special Account as reported by the Bank of New York was \$20,037.79, a considerable decrease from the time when I last inspected the said balance. Of course, I do not know how much has been converted into local currencies for use in the field and which still may be unspent. Although I have not made this additional deposit and pending further word from you, I am asking the Bank of New York to advise me when your balance gets down as low as \$10,000, at which time I will arbitrarily make a further deposit under advice to you.

The two \$5,000 advances mentioned by you have been repaid by the Legation. As the checks were made out in my name, I have deposited them in the Riggs National Bank and you should credit yourself with this amount as a disbursement accounted for in Washington. The matter is covered by my letter of 16 March.

Wire #311 and letter of 5 April both deal with the establishment of the new Custody account for payment of salaries for the period March 1, 1944 - February 28, 1945. This latter date was erroneously mentioned as September 28, 1945. Please correct. Lacking any information to the contrary, this Custody Account was set up in my name on the basis of salary and allotment conditions prevailing during the previous year and payments and accruals have accordingly been made on the old scale for the months of March and April. I am today writing the Bank of New York giving them the corrected arrangements for the remaining ten months of this year.

SECRET

and I am withdrawing a sum representing the decreases in accruals and the elimination and/or reductions of allotments. You will, of course, appreciate that I can make no adjustment with respect to the months of March and April, as I have no jurisdiction over funds once they have been accrued for salaries or actually paid out for allotments.

With respect to your final paragraph concerning the missing \$400.00 please refer to my letter of March 23, explaining this item to have been an error on our part.

In last year's Custody Account there was deposited a gross sum of \$49,600. This sum has now been wiped out by the following transactions: A) Salaries accrued and put in escrow with the Bank of New York for the benefit of the boys - \$26,528.00. B) Advances made by you in the field - \$15,512.00. This amount has been credited to your Special Account. C) Allotment payments to the boys beneficiaries - \$6,560. D) Unexpended balance resulting from cancellation of certain Kunjara accruals - \$1,000. This sum has been credited to your Special Account. You should therefore debit yourself with the \$15,512.00 as an additional advance, as you have already paid these funds out as salaries in the field.

I obtained a license permitting the payment of the four checks of Kunjara in the amount of \$1,968.37. This amount has also been deposited in your Special Account and you should debit yourself therefor. I have obtained a refund of \$1175.00 representing the CN's advanced by you to IDS. This amount has been deposited in my account at the Riggs National. See my letter of March 16. The \$1500.00 advanced to Devlin has been accounted for in full here. If you have already debited this to yourself, it can be cleared by an entry of expense with a statement that the accounting was made in Washington, otherwise you can forget the entire transaction.

The following advances have been made to people who are to report to your operation. Kahmbu and Ruangsiri, \$200.00 each, both items mentioned in my letter of 26 January. Lt. Pye - \$2500.00, see my letter 16 March. The advance to Pye was made in connection with shipment of fourteen additional boys. Please advise me if you received my detailed instructions as to their salary payments all of which are to be made by you in the field. I suggest that in writing me you state the quickest method of reaching you by Air Mail with the proper address, as some confusion seems to exist here as to the most rapid mode of communication.

I am inclosing itemized list of blocked funds held by the Bank of New York for the period 1 March, 1943 through 29 February 1944. This totals \$26,528.00 referred to above.

Yours truly,



D. M. DIAMOND

SECRET

1 Incl

Salary accruals in Custody Account at Bank of New York
Period 1 March 1943 - 29 February 1944

Arnold	923.
Pow	1,380.
Sal	1,863.
John	2,280.
Pat	2,080.
Sam	1,833.
Ken	1,660.
Victor	2,200.
Kai	1,550.
Ian	1,780.
Paul	172.
Nick	1,920.
Charles	80.
Dick	387.
Pete	200.
Bunny	570.
Bob	2,170.
Cary	1,225.
Jim	<u>2,255.</u>
	\$26,528.00