

August 4, 1952

**CIA-Free Europe Committee Memorandum of
Understanding**

Citation:

"CIA-Free Europe Committee Memorandum of Understanding", August 4, 1952, Wilson Center Digital Archive, Obtained and contributed to CWIHP by A. Ross Johnson. Referenced Ch1 p25 in his book Radio Free Europe and Radio Liberty, CIA mandatory declassification review document number MORI 1480684.
<https://wilson-center.drivingcreative.com/document/115986>

Summary:

Allen Dulles records initialing a Memorandum of Understanding with Free Europe Committee (FEC). The Memorandum, also initialed by FEC President Howard B. Miller, outlines procedures for CIA ("Sponsor") approval of FEC ("Fund") budget submittals and establishment of a CIA liaison office to handle all FEC contacts except for financial matters and "matters which the Fund desires to take up with the Director of Sponsor [i.e., Dulles] or his immediate Deputies."

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Security Information

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4-August 1952

MEMORANDUM OF UNDERSTANDING

1. It is understood by Sponsor and the Fund that activities of the Fund will be conducted in accordance with the following principles:

a. The Fund will present to the Sponsor on or before 1 May of each year a proposed program and financial budget for the fiscal year beginning on 1 July. In general, this presentation will include detail comparable to other Sponsor budget presentations and, of course, must include as a minimum sufficient information to enable the Sponsor to analyze the program from both a budgetary and policy viewpoint.

b. After subjecting the program and budget to normal Sponsor review and analysis, the Sponsor will advise the Fund as to the specific activities of the over-all program which the Sponsor desires to support and as to specific amounts approved for expenditure in connection with each Fund division, including a small General Administration Contingency Fund which can be used at the discretion of the Fund for minor unforeseen requirements of any division. Exceptions, limitations, or other special provisions will be stipulated where appropriate. The Fund will undertake major activities other than those approved in its annual program only when mutually agreed by the Sponsor and the Fund. Transfer of funds from one Fund division to another division will not be made except by prior mutual agreement of the Sponsor and the Fund.

c. A reasonable reserve fund will be held by Sponsor and provided for in the budget to take care of unforeseen emergencies or contemplated activities which have not been sufficiently developed to permit detailed budgetary planning. Releases will be made from this fund to the Fund as appropriate upon presentation of proper justification to the Sponsor.

d. The Fund will furnish the Sponsor with such regular financial reports reflecting its operations as may be necessary to enable the Sponsor to properly account for the Fund expenditures. The Fund will also furnish the Sponsor with copies of audit reports made to the Fund by the firm of Certified Public Accountants employed for that purpose by the Fund with the approval of the Sponsor.

e. In order that the Fund may have available at all times sufficient net liquid assets to provide for liabilities which would exist in the event unforeseen liquidation became necessary, Sponsor will provide the Fund with an adequate liquidation reserve which will be held by the Foundation and invested in United States Government obligations of a readily convertible variety mutually agreed by Sponsor and the Fund.

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This reserve will be made available to the Fund as required, to be used only for the purposes of liquidation as mutually agreed by Spensor and the Fund.

f. In case of liquidation, the assets of the Fund remaining after payment and discharge of all debts and liabilities of the corporation shall, as required by the Fund by-laws, be distributed "to such tax-exempt charitable organizations as shall be determined by the Board of Directors in its discretion", but it is understood that the Fund will, in fact, designate the tax-exempt charitable corporation known as "The 1848 Foundation" as the recipient of such net assets.

h. The Fund will accept restricted gifts from private donors, other than Crusade for Freedom, Inc., only when mutually agreed by the Fund and the Spensor.

i. The Fund may submit budgetary revisions either quarterly or whenever proposed new activities or unforeseen developments require a significant change in approved budgets.

j. Within the limits of approved budgets, the Fund will requisition funds from the Spensor quarterly unless unanticipated requirements necessitate interim requisitions.

k. To promote their common security interest, the Spensor will keep the Fund continuously advised as to desirable security procedures and the Fund will be free to request specific security guidance from the Spensor at any time.

2. Where appropriate, detailed procedures will be cooperatively developed by the Fund and the Spensor to insure the effective implementation of the principles outlined in this Memorandum of Understanding.

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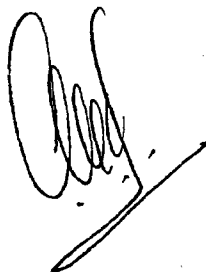
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For that purpose a liaison office in Spensor's organization will be designated by Spensor. Except on financial and budget matters which will be handled by Fund with Spensor's Office of Administration, and on matters which the Fund desires to take up with the Director of Spensor or his immediate Deputies, relations between the Fund and Spensor will be coordinated by or through this liaison office and, except as above, any matters which the Fund desires to bring to the attention of Spensor may be referred to or through such liaison office.

Initialed as of this 4th day of August 1952:

A handwritten signature, possibly "C. J. ...", written in dark ink.A handwritten signature, possibly "H. B. M.", written in dark ink.

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