



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON 25, D. C.

IN REPLY REFER TO

27 May 1949

Op-322H2B5

MEMORANDUM

SECRET

To: Op-322H.

Subject: CIA Letter on DIO Correlation - H2B5 Comments on.

Reference: (a) CIA Secret Memo dated 13 May 1949

1. Charter for the activity of CIA in the domestic (U.S.) collection of foreign intelligence is National Security Council Intelligence Directive No. 7. The round-table discussions between CIA and the various intelligence agencies which led to the formulation of CIA's Contact Branch and the issuance of NSCID #7 resulted in and were dependent on certain basic understandings not specifically written into the directive itself. The chief understanding in regard to ONI was that direct access to domestic sources of such foreign intelligence as is of unequivocal naval interest be available at all times to the District Intelligence Officers. This was considered to include such items as ships officers, shipbuilding and dry dock companies, shipping companies, constructors of marine installations, etc. There was no objection on the part of ONI to parallel exploitation by CIA so long as Navy's collateral interests and rights were recognized. This understanding has been honored in varying degrees depending on the regional CIA office concerned, and no stand has been taken by ONI to enforce the understanding to the fullest degree because it was found that in most cases field coordination between DIO's and CIA offices did not seriously interfere with ONI collection activity. CIA, however, has up to now been relatively careful in refraining from exploiting U.S. merchant ship personnel without prior DIO clearance. This is because ship masters, etc., have been most frequently mentioned by ONI representatives in CIA-ONI headquarters discussions as examples of primary naval interest and right.

2. Reference (a) proposes to clarify and make a matter of record the joint ONI-CIA responsibilities in regard to ship masters and shipping companies. Paragraph 2 (page 1) thereof makes the following points:

- 1) CIA assumes full responsibility for foreign intelligence exploitation of shipping companies but the DIO may also so exploit provided he clears first with CIA.
- 11) "Navy" will assume full responsibility for exploiting ship masters but CIA may also so exploit after clearing with Navy.
- 111) CIA may exploit ships personnel other than the master without naval clearance but "Navy" also can exploit as an extension of its right over ships masters.

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3. H2B5 sees no serious objection to giving CIA a position of equal responsibility and collateral interest in both shipping companies and ships personnel provided each agency (ONI and CIA) keep the other fully informed of its activity and wherever at all possible, clears with the other prior to making each contact. Contact by CIA with ships personnel other than the master without informing Navy is entirely unacceptable since Navy is as apt as not to procure as valuable information from junior officers and even crew members as from the master. Such junior officers are also consistently used to check and supplement information procured from their superiors. Further, it is not considered that CIA responsibility for foreign intelligence exploitation of shipping companies applies to the Navy's procurement of information strictly operational or domestic in nature.

4. Paragraph 2 (page 2) of reference (a) deals with the following two subjects:

1) Field coordination between DIO'S & CIA. Reference (a) requests that DIO'S interrogating ships masters notify CIA field office in which the home office of the shipping company is located, performing this notification via the appropriate DIO when located outside the interrogating officer's district. Notification to CIA is already being given through ONI dissemination to CIA headquarters of all resulting reports. However, except for the added paper work put on the DIO, H2B5 sees no particular objection to the form of notification requested by CIA if they feel on reconsideration that it is still necessary.

The DIO, according to reference (a), is also to inform the appropriate CIA field office if there is intelligence potential in any ship masters contacted so that they may be interviewed by CIA. It is assumed that the word "additional" has been omitted in reference (a) since it would be an unnecessary duplication, defeating the purpose of CIA-DIO coordination to have the material already collected and reported by a DIO re-collected and reissued as an OO-B report by CIA.

1.1) DIO reports: Reference (a) states that ONI reports resulting from ship masters "will not be disseminated outside Navy", but that the collecting DIO will furnish a copy to the cognizant CIA field office (the one in the area where the shipping company home office is located) which will reissue it as an OO-B report for dissemination outside the Navy Department. This appears as an unwarranted restriction on ONI's right to disseminate foreign intelligence as received. The reissue by CIA seems to be an equally unwarranted duplication of work already performed by ONI. Acceptance of these two provisions are not recommended by H2B5.

5. The above views are forwarded so that addressee may be informed in case the matter comes up during H2B5's absence on training duty. Since this is not a matter of urgency. It is suggested that it be held over until the writer's return and that a reply then be drafted by him along the lines suggested above.

R. F. S. Starr

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