

COPY

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CMB:MMM
A-1.

February 19, 1919.

From: Acting Director of Naval Intelligence.
To: Commandant, 3d Naval District. (Aid for Information).
SUBJECT: Suspension of Activities. Confidential Fund.

1. This office has been directed by the Navy Department to curtail, as far as circumstances will permit, its expenses outside of those necessary in collecting purely naval information.

2. Pursuant to these instructions, it is therefore requested that neither the personnel of the office of Aide for Information nor the Confidential Fund at the disposal of this office be considered available for any work or expenses for the following:

- (a) Apprehension or tracing of deserters.
- (b) Investigation of the personal conduct of persons connected with the Naval Service, either Military or Civilian.
- (c) Investigation of labor conditions.
- (d) Investigation of political conditions.
- (e) Plant Protection.
- (f) Investigation of bidders on Navy Contracts.
- (g) Any other work not connected directly with the collection of naval information.

3. The purposes for which the Confidential Fund will be considered available are:

- (a) Collection of data relative to establishment capabilities for the production of war material.
- (b) Collection of data in regard to shipping available for use in War.
- (c) Collection of information in regard to activities of Foreign Powers within the United States.
- (d) Collection of information from firms and others who have knowledge of conditions affecting the naval or military situation in Foreign Countries.

(Sgd.) GEO. W. WILLIAMS,

Captain, U.S.N.

Navy Department,
Office of Naval Intelligence
September 1, 1917.

MEMORANDUM REGARDING THE DRAWING AND EXPENDING
OF FUNDS BY THE UNITED STATES NAVAL ATTACHES.

There seems to be a misunderstanding on the part of several of the Naval Attaches as to the uses to which Government funds in their possession may be applied. The money placed at the disposal of the Naval Attaches is derived from two sources, namely:

(a) From credits established in their individual names with the Treasurer of the United States at Washington, or placed by order of the Department with the United States fiscal agents in London.

(b) From credits placed at their disposal by this Office from the confidential information fund.

All money drawn from the funds in Class (A) is to be accounted for by the Naval Attache in his quarterly accounts to the Department, while money drawn from the fund designated in Class (b) is to be accounted for confidentially to the Director of Naval Intelligence. It is absolutely necessary that

The funds under Class (A) may be used for the legitimate expenses of the offices of the Naval Attache concerning which it is unnecessary to preserve secrecy. Proper items are: pay and allowances of the Naval Attache and his Assistants, expenses of maintenance of the office, such as office rent, clerk hire, postage telegrams, stationery, and disbursements under allowance for maintenance.

The funds under Class (b) may be expended as follows:

1. Confidential agents employed by the Naval Attaches.

(a) Salary.

(b) Actual living expenses.

(c) Necessary travel expenses when authorized by Attache.

(d) Incidental expenses incurred in the gathering of information such as postage, telegrams, and necessary entertainment.

2. For the payment of rewards to persons, not regularly employed by the Attaches, for furnishing information which may be authenticated.

3. For the purchase of necessary equipment for the use of agents when operating in outlying and unsettled regions. Great care should be taken of any such equipment

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The funds under Class (b) may be expended as follows:

1. Confidential agents employed by the Naval Attaches.
 - (a) Salary.
 - (b) Actual living expenses.
 - (c) Necessary travel expenses when authorized by Attache.
 - (d) Incidental expenses incurred in the gathering of information such as postage, telegrams, and necessary entertainment.
2. For the payment of rewards to persons, not regularly employed by the Attaches, for furnishing information which may be authenticated.
3. For the purchase of necessary equipment for the use of agents when operating in outlying and unsettled regions. Great care should be taken of any such equipment

Living expenses allowed are actual rent of room, expense for food and customary fees to servants. Such personal items as shaving papers and periodicals, laundry, pressing of clothes, cigars and bar charges are not allowed.

In necessary travel expenses are included; first class passage, first class berth, meals on train, cost for transporting baggage, cab fare and baggage transfer to and from station or docks, customary tips. Public conveyance should be used so far as possible. When carriages or automobiles are used except for transfer to and from railway stations or docks a statement showing the necessity for this should be inserted in the accounts. When private launches or boats are engaged the necessity for this should likewise be noted.

Incidental expenses allowed are only such as are necessary and directly incurred in gathering information. A reasonable sum may be expended for the entertainment of persons whose acquaintance is deemed desirable in connection with the work of the Information Service. Incidental expenses should be itemized and the purposes for the expenditures of any unusual sums should be plainly shown.

Funds under Class (A) may be replenished upon application of the Naval Attache to the Department in an official letter forming part of his regular numbered series, while the funds under Class (b) may be replenished by application to the Director of Naval Intelligence in a confidential communication which is a part of the secret record of the Naval Attaches office.

It is believed that the distinction thus drawn between these two funds will be of service to the Naval Attaches in disbursing and accounting for the funds placed at their disposal.

Funds for expenditure under Class (A) are obtained by the Naval Attache by drawing checks on the Treasurer of the United States at Washington, or on the Fiscal Agents in London when credits for them have been placed in London.

Funds for expenditure under Class (b) are obtained by the Naval Attache by personal check on such bank as the O. N. I. may specify.

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NAVY DEPARTMENT
OFFICE OF NAVAL INTELLIGENCE
WASHINGTON

JFW:FAK

August 15, 1918.

MEMORANDUM TO ALL COMMANDANTS, (FOR AIDS FOR INFORMATION).

Subject: Proper expenses to be charged to Confidential Fund.

1. In order that the Confidential Fund of this Office may not be employed for purposes for which it was not intended, you are advised that hereafter it will be proper for you to expend out of such portion of the funds allotted to you, monies for the following matters:-

Necessary investigations of references from the Mail Censorship which, on their face, affect the Navy. This does not mean matters sent to you for your information only.

Camouflage work. Expenses of this work will, hereafter, be limited to the taking of pictures and the development of the original films to be furnished the Office of Naval Intelligence. Camouflage work for any other purpose cannot be paid for out of the Confidential Fund unless especially authorized by this Office.

Waterfront activities. This includes matters

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to this Office to be reported to it. Payment cannot properly be made for investigations of matters along the waterfront which are exclusively the interest of a particular Naval District, action in which cannot be taken by the Office of Naval Intelligence.

Ship inspection. Emergency expenditures, such as necessary automobile hire, necessary meals, etc., subject to the discretion of this Office.

Radio activities. Incidental expenses in connection with investigation of unlawful wireless plants.

All other expenses necessary for investigations not falling under any of the above heads which are sent to you directly from this Office.

Actual and necessary expenses of plant inspection, suspects of special interest to the Navy, Cable Censorship, and other matters assigned by the Office of Naval Intelligence to Aids for Information in

Districts where there are no Branch Offices

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Investigation of enlisted personnel not referred to you for attention by the Office of Naval Intelligence.

Applicants for work in your Naval District not referred to you for attention by the Office of Naval Intelligence.

In rendering accounts to this Office, reference should be made as to authority for expenditures in cases under the division last above outlined, to expedite the auditing of the account.

Your attention is specifically invited to the fact that it will be necessary, under the above instructions, for you to use extreme care to incur expense in no matter that is not strictly of interest to the Navy. Complaints and other information received by you which, on its fact, does not affect the Navy, or in which Naval question of small consequence is merely incident and subordinate to a matter of first importance to another branch of the government service, should be turned over by you to the particular department charged with the handling of such matters. It is decidedly against the policy of this Office to investigate complaints that do not directly affect the Navy for the purpose of determining whether or not