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Authority **NNJ003024**
By **MBNARA** Date **06/05/02**

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Rel GER

85. [Critchfield] to Chief, FBM, "[Gehlen Organiz... Funds," 14 March 1949

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AIR

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Chief, FBM []
ATTN: []
Chief of Station, Karlsruhe

14 March 1949

[G.O.] Procedure for Handling Funds

REF

1. On or about the 1st of each month the Fiscal Officer of the Deputy Director of Intelligence, EUCOM, draws [] in U.S. green currency from the U.S. Army Finance Office at Heidelberg. This amount is immediately turned over to an officer-courier from the [G.O.] U.S. staff who carries the total amount, still in green currency, to Pullach near Munich.
2. The [] in green currency is turned over to the Fiscal Officer of the German staff by the Commanding Officer of the 7821 Composite Group (Col. Philp).
3. The German fiscal section has been and is engaged in numerous transactions involving monies and goods which have, as the ultimate end, the accumulation of a maximum amount of money available in the types of currencies required in [G.O.] operations. By far the largest percentage of the [] is converted, in [] to DMs at the existing free rate of exchange prevailing in [] Some green currency is peddled at a favorable rate of exchange to German industrialists for their personal or business uses while on business trips in the U.S.A. or other areas where hard currency is necessary. Also, there is ample evidence that the Jewish Migration to Palestine, especially active by air lift the past nine months, has provided a constant green dollar market on which both DMs and US Scrip have become available at a favorable exchange rate. Through this type of manipulation the monthly funds have been stretched to the limit. For example, the 7821 Composite Group has been purchasing approximately [] worth of PX and Commissary items monthly for operational use. This bill, payable in US Scrip, has, in the past, been paid through the expenditure of roughly [] in green currency converted to [] US Scrip in the black market.

[Handwritten signature]

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85. (Continued)

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4. As you can appreciate, this entire matter has been an extremely delicate subject and one on which the Army, though fully aware of the facts, has constantly and consciously turned its back. The present Commanding Officer of the 7821 Composite Group instituted a far more rigid accounting system and, during the past two months has received a reasonably detailed report in terms of the actual current rates of exchange available in [] at Heidelberg. This report does not go forward to ODDI in Heidelberg.

5. The statement in my report indicating that the funds are drawn on a quarterly basis but made available to the Germans on a monthly basis is an accurate description of the intended procedure. In actual practice, the uncertainty of the availability of funds from month-to-month has resulted in a monthly drawing during the last three months.

Distributions:
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