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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM: <input type="checkbox"/> C/CI/A/DEF	EXTENSION 9469	NO. CI 077-79
		DATE

TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		

1.	C/CI/A/R	21 FEB 1979		<i>MS</i>
2.	C/CI/AG	22 FEB 1979	22 Feb 79	<i>W</i>
3.	C/CI for signature	23 FEB 1979		✓
4.				
5.	DDO Reg 7E 22	23 FEB 1979		✓
6.	ADDO	23 FEB 1979		<i>W</i>
7.	OGC 7D 07	2-23-79		
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HAND CARRY

Bernie J. 9469

VBR

23 FEB 1978

OEC 77-01813

2-23 79

CI 077-79

MEMORANDUM FOR: General Counsel

VIA : Associate Deputy Director for Operations

FROM : David H. Blee
Chief, Counterintelligence Staff

SUBJECT : Financial Commitments to PDDONOR/1

1. Attached is a memorandum for Chief, Counterintelligence Staff outlining a situation in which PDDONOR/1, a senior KGB defector, claims that the Agency still owes him \$20,000 of an original \$50,000 commitment made to him at the time of his defection in February 1964 by an Agency officer.

2. The memorandum describes in detail why PDDONOR/1 believes the Agency still owes him the \$20,000. Included as attachments are copies of various documents from the PDDONOR file which impact on this issue.

3. It is requested that the Office of General Counsel review this case to determine if a valid obligation exists on the part of the Agency as claimed by PDDONOR/1. If you require any additional material or have any questions please contact Mr. on extension 9469. *

David H. Blee
David H. Blee

Attachments: A/S

CONCUR:

[Signature]
Associate Deputy Director for Operations

23/2/79
Date

DCL RWW 21 Feb 99
DRV D9c.1 BY 063765

23 FEB
1979

CI 077-79

06C 79-01813

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/s/ David H. Blee
David H. Blee

Attachments: A/S

CONCUR:

John H. Stein

Associate Deputy Director for Operations

23 FEB 1979

Date

DCL RVW 21 Feb 99 -
DEV D9c.1 RY 063765

MEMORANDUM FOR: Chief, Counterintelligence Staff

FROM : 02
C/CI/A/DEF

SUBJECT : PDDONOR

REFERENCES : A. Memo Dated 16 February 1970
From DC/Security Research Staff

B. Memo Dated 14 August 1972
From DC/Security Research Staff

C. Acknowledgement and Release Form
Dated 12 July 1973

1. A careful review of the PDDONOR file substantiates the fact that there were three unequivocal financial commitments made to PDDONOR at the time of his defection in February 1964. These three commitments were:

- a. He would be paid \$25,000 for each of the two years he cooperated in place. Total \$50,000.
- b. He would receive \$10,000 for his part in identifying William Vassal, a British Admiralty employee as a KGB agent.
- c. He would receive \$25,000 per year salary from the Agency.

2. The question at issue now is whether an additional commitment was also made to PDDONOR to the effect that the Agency would provide financial assistance to him to purchase a home. According to PDDONOR, on 30 January 1964 in Geneva prior to his defection in a conversation with his case officer, Mr. Tennent Bagley he stated, "I will arrive with what I have on my back - no home - no roof - no anything." The reply to PDDONOR was as follows; "This will be taken care of. It will be provided." This exchange in PDDONOR's view, constituted

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what he believes was a commitment on the part of the Agency to provide him with financial assistance in the purchase of a home. A memorandum dated 16 February 1970, written by Mr. Bruce Solie describes this verbal exchange between PDDONOR and his case officer. (See Reference A). In addition, a memorandum dated 14 August 1972 also written by Mr. Solie (Reference B) states that "Nosenko stated that prior to his defection in Geneva, he discussed his future with Bagley and made three requests, these being:

- a. Employment at \$25,000 per year;
- b. \$50,000 in savings account;
- c. Assistance in purchasing a house.

According to Nosenko, Bagley, a day or two later, informed Nosenko that his requests had been approved and Nosenko considers this constituted a valid verbal contract."

3. From PDDONOR's viewpoint therefore an additional commitment, quite separate and apart from the three listed in paragraph 1 was made to him. Consequently, he now argues that a payment made to him in July 1970, in the amount of \$20,000 and which he used as a downpayment on a house, was the fulfillment of this additional commitment and not part of the \$50,000 he was promised for his two years in place. This despite the fact that in the 14 August 1972 memorandum as Mr. Solie states in paragraph 5, . . . "Nosenko also considers that the assistance in purchasing furniture, a house, etc., which he has been given since 1969 should be considered as cancelling the matter of the \$50,000.

4. What seems to have occurred is a change of position on PDDONOR's part. While previously acknowledging that the original \$50,000 commitment had been met (paragraph 5 of Reference B) PDDONOR now takes the position that of the below listed payments only \$30,000 should be applied against the \$50,000 commitment. The July 1970 payment of \$20,000 should be applied against a separate commitment to provide assistance in purchasing a home.

\$2,000 in March 1964
\$8,000 in May 1969
\$5,000 on 1 July 1970
\$20,000 on 1 July 1970 (According to PDDONOR this
payment should not be applied
against the \$50,000 commitment)
\$15,000 on 12 July 1973

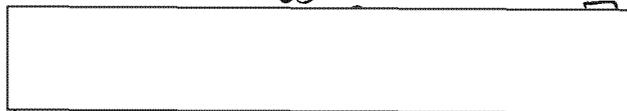
Thus, according to PDDONOR's reasoning \$20,000 is still due him as part of the original \$50,000 commitment.

5. Several additional points should be noted. On 2 July 1973 PDDONOR signed an "Acknowledgment and Release" prepared by the General Counsel in which PDDONOR releases and forever discharges the US Government and the Agency from any claim for money promised to him. (Reference C). In addition, the issue of the \$20,000 he says is still owed him does not surface in the file until September 1978, 14 years after his defection. The explanation of why this issue would arise at this late date is not clear from available records.

6. Attached are copies of those documents which impact on this issue. Because of the complexities of this case I recommend that we request the Office of General Counsel to review the entire case and provide a ruling on the legitimacy of PDDONOR's claim of \$20,000. After such a ruling we can discuss our future course of action.

7. All classified Secret.

03



Attachments:
As Stated

SECRET

UNITED STATES GOVERNMENT

Memorandum

TO : Files

FROM : Deputy Chief, Security Research Staff

SUBJECT: [BERTOTALLY, ⁰⁷ Bruce A.]

DATE: 16 February 1970

REFERENCE
A

1. On 3 February 1970, the undersigned discussed with the Subject certain personal matters which are or could be problems in the future and which should be given appropriate consideration in the near future. Jerry Brown/SRS was also present and it is expected will assist in the future in many of the routine handling problems which could or will arise.

2. This memorandum is intended to present an up-to-date report of the current situation in Subject case for any current action or possible future action.

3. Subject is presently residing with wife at his previous address. There do not appear to be any particular domestic problems. The wife of Subject is six years older than Subject, but Subject was well aware of this at the time of his marriage. Numerous comments by Subject indicate that he is attached to the family of his wife and in the opinion of the undersigned, the Subject is accepted as a member

GROUP 1 - Not included as they do not contain

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GROUP 1
Excluded from automatic
downgrading and
declassification



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"quit claim" and contract, ignored any previous promises and has continued and will continue to ignore any previous promises to Subject in any discussions with Subject.

20. As indicated above, a complete list of promises made to Subject in 1964 is not available and for purposes of consideration of whether Subject should be given some additional financial assistance are not required. It is probably sufficient to list certain known promises made to Subject on 30 January 1964 with the specification that they had been approved by Mr. Helms. These promises included:

(a) \$50,000 deposited in a personal account for Subject.

(b) At least \$10,000 additional for the information on VASSALL.

(c) Placing Subject under contract for \$25,000 per year for an indefinite period - 5 years - 10 years - with built-in provisions for retirement and other benefits to make up for the career Subject "was giving up."

(d) Provision for living quarters. On 30 January 1964, Subject, during the discussion prior to his defection, stated he would "arrive with what I have on my back - no home - no roof - no anything." The reply to

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Subject following the above statement was that, "This will be taken care of. It will be provided." Perhaps this reply to Subject cannot be interpreted by a person other than Subject as a promise of a house, but it can be construed as a promise of something and there may have been other discussions with Subject in regard to housing in the United States.

21. Attached to the original of this memorandum are the following basic documents:

(a) Copy of "quit claim" which was signed by Subject in true name in April 1969 and notarized. This particular document was actually entitled, "Undertaking Regarding Obligations and Secrecy," and referred to "current arrangements," (separate contract) so that there was some actual value received by Subject for the "quit claim."

(b) Copy of contract which was signed by Subject in true name in April 1969 with effective date of 1 March 1969. This particular document is a separate document in that it does not make reference to the separate "quit claim" but does contain a "Secrecy

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DC/SRC*

UNITED STATES GOVERNMENT

Memorandum

TO : File

DATE: 14 August 1972

FROM : Deputy Chief, Security Research Staff

SUBJECT: Yuriy Ivanovich NOSENKO

1. On 7 August 1972 following a discussion of several items of intelligence interest, NOSENKO mentioned the matter of the proposed book, stating that he doubted it would sell a large number of copies. Reason for this opinion, according to NOSENKO, was that he realized the information was over eight years old and it was not in the form of a "spy thriller." He thought that the majority of readers who would be attracted would be those who had an actual interest in the KGB and its effect on Soviet life rather than individuals interested in entertaining reading.

2. NOSENKO then stated there was something he hesitated to bring up, that he had hoped it would have been mentioned previously by the undersigned and that he hoped his mention of it would not be misconstrued. NOSENKO then stated that the matter was the salary to which he considered he was entitled for the period of five years (April 1964 - 1 March 1969). The latter date is the date the current contractual relationship with NOSENKO became effective.

3. NOSENKO stated that he is very grateful for what has been done for him since 1969 and that he has no animosity for what occurred previously even though it was "five years from his life." NOSENKO stated that he considered he is living very well although not saving any money for the future. He stated that he had hoped to obtain some extra money from the sale of a book but now doubts sufficient copies will be sold for him to realize any sizable amount from royalties. However, he is vitally interested in the book (or books) being published since it, in his opinion, would "hurt the KGB."

REFERENCE



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AND METHODS INVOLVED

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EXEMPT FROM GENERAL DECLASSIFICATION
SCHEDULE OF E. O. 11652, EXEMPTION CATEGORY:
§ 5B(1), D, (3) or (4) (circle one or more)
AUTOMATICALLY DECLASSIFIED ON
Approved by DCI
(unless impossible, insert date or event)

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4. By way of background on the topic of the "five years," NOSENKO stated that prior to his defection in Geneva, he discussed his future with BAGLEY and made three requests, these being:

- (a) Employment at \$25,000 per year;
- (b) \$50,000.00 in savings account;
- (c) Assistance in purchasing a house.

According to NOSENKO, BAGLEY, a day or two later, informed NOSENKO that his requests had been approved and NOSENKO considers this constituted a valid verbal contract.

5. NOSENKO stated that in February-March 1964 he received a salary at the rate of \$25,000.00 per year and he believes he also received \$5,000.00 of the \$50,000.00. NOSENKO also considers that the assistance in purchasing furniture, a house, etc., which he has been given since 1969 should be considered as canceling the matter of the \$50,000.00.

6. The matter which does concern NOSENKO is the salary, less income tax, for the "five years" to which NOSENKO considers he is entitled under the verbal agreement with BAGLEY in early 1962. Since 1 March 1969, NOSENKO has not received \$25,000.00 per annum but this is not a point of discussion since he is very grateful for the assistance which has been given to him during that time.

7. According to NOSENKO, he recognizes that if he had received the salary for the "five years" under normal circumstances he probably would have spent all of it. However, since his inability to receive and spend the money was not of choice, he feels that he should be entitled to the salary which he would have received. NOSENKO stated he would invest any money he received and would use it to provide for the future since he now has a wife and family responsibilities.

8. The reply of the undersigned to NOSENKO was that the above would be brought to the attention of the appropriate officials. An

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effort was made by NOSENKO to obtain the opinion of the undersigned as to whether his request was unreasonable, but only received a non-committal answer to the effect that it did not pertain to any agreement with NOSENKO in which the undersigned had any involvement.

Bruce L. Solie
Bruce L. Solie

BLS:ko

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ACKNOWLEDGEMENT AND RELEASE

WHEREAS, Yuriy Ivanovich Nosenko, a former citizen of the Union of Soviet Socialist Republics and an employee of the Committee for State Security (KGB), first cooperated with Officers of the United States Government and then, subsequently, defected to the United States; and,

WHEREAS, Mr. Nosenko was promised certain sums of money for his cooperation and defection, only part of which have previously been paid to him; and,

WHEREAS, there remains a certain balance of money agreed upon by Mr. Nosenko and Officers of the Central Intelligence Agency;

NOW THEREFORE, in consideration of the sum of FIFTEEN THOUSAND and 00/100 Dollars (\$15,000.00) the receipt of which is hereby acknowledged, Yuriy Ivanovich Nosenko for himself and for his heirs, executors, administrators and assigns, hereby releases and forever discharges the United States Government and the Central Intelligence Agency and all of its employees and representatives from any claim for money promised to him for, and/or at the time of his defection, and from any and all other claims demands and liabilities in any form whatsoever arising out of or in any way connected with his cooperation and association with the United States Government and the Central Intelligence Agency prior to the date of this document, 12 July 1973.

REFERENCE
C

WITNESS THE FOLLOWING SIGNATURE AND SEAL:

Yuriy Ivanovich Nosenko (SEAL)
Yuriy Ivanovich Nosenko

WITNESS;
On Behalf of the United States Government

Bruce L. Sullivan