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SECRET

2 December 1975

MEMORANDUM FOR: Director of Security

SUBJECT : KIMSEY, Herman Edward
#71 129

1. As you are aware, the Office of Security file of Herman Edward KIMSEY contains an envelope, the contents of which show the receipt by KIMSEY of \$380,000 cash from Colonel Sheffield Edwards on 22 May 1961, which was apparently sent to Headquarters from the Khartoum Station. The envelope also contains a receipt for \$1,800, the serial numbers of which are recorded. The file does not contain an explanation for the transfer of these funds to KIMSEY.

2. After discussions with Mr. David CROWN, TSD Questioned Documents Laboratory--the assignment of KIMSEY as of 22 May 1961--on 1 December 1975 Mr. CROWN delivered to the writer the attached copies of documents from TSD/QDL files, which satisfactorily explain the transfer of the funds to KIMSEY for examination and the subsequent transfer of the money to C.V.S. ROOSEVELT on 23 August 1961.

Jerry G. Brown
Deputy Chief
Security Analysis Group

Att

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original forward.
12/2/75.

ATTACHMENT

~~SECRET~~

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G-7695

6 October 1961

MEMORANDUM FOR : Chief, TSB/C. W. S. Roosevelt

SUBJECT : Questioned Document Analysis (15980-X)

REFERENCE : Verbal request, 12 April 1961

1. In response to reference request, subject currency was compared with 2-\$50.00 notes and 12-\$100.00 notes obtained from FD/ME and known to be authentic. All are Federal Reserve Notes. The initial examination was executed in an effort to determine whether reference currency in question is authentic or counterfeit. The currency in question was independently examined in three (3) laboratories including TSP/CAIB/AGS; U. S. Secret Service, Counterfeit Section; and Bureau of Engraving & Printing, Research & Development Section. The currency in question was submitted to such tests as examination of printing quality and technique; fiber analysis of paper (including mottling check); photographic analysis of printing ink; scanning under infrared illumination; examination under long and short wave ultraviolet illumination; serial number check against known counterfeit files; and several tests were executed to identify known ink properties. All tests, in all three (3) laboratories were positive in result. Therefore, it is concluded, that the currency in question is authentic and genuine in every respect. A clinching factor is the widespread of material such as inks, series, dates, banks of issuance, etc., which, in all, would have necessitated many sets of printing plans, different inks and a background file of currency information and the proper use of these differences; all of which would be, not only unnecessary for a successful counterfeit, but also expensive, time consuming, impractical and highly undesirable.

2. Reference currency, Federal Note, was picked, at random from a list of 1002-\$50.00 notes and 342-\$100.00 notes. Total-\$500,000.00, U. S. Currency, all Federal Reserve Notes. The bulk lot was delivered to TSB/CAIB/AGS, on 12 April 1961. The lot was examined by Chief, CAIB/AGS, on 12 April, 1961, and was found to be authentic. The lot was then examined in three (3) laboratories including TSP/CAIB/AGS, U. S. Secret Service, Counterfeit Section; and Bureau of Engraving & Printing, Research & Development Section. The lot was found to be authentic in every respect. The existence of a secret marking on the reverse of the currency, which is not visible to the public, is noted. The marking is a small number, "1002", which is located in the upper left hand corner of the reverse of the note. The marking is a secret marking which is used to identify the currency. The marking is a secret marking which is used to identify the currency. The marking is a secret marking which is used to identify the currency.

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G-7095

6 October 1981

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3. The entire package (1009 units) was separated into 1000-\$50.00 notes and 3300-\$100.00 notes and checked for source. The serial number and date of each was then copied with a 535 Tapewriter. A prefix numeral of 1 and 2 was arbitrarily added to the \$100.00 and \$50.00 serial numbers respectively. The 535 tape was fed into a 501 Computer where it was unscrambled and the entire list printed, by serial, in chronological, alphabetical, numerical and denotational sequence. It was observed that several large unbroken groups of both \$100.00 notes and \$50.00 notes fell into the numerical sequence in which they were printed indicating the probability that they had not been circulated beyond the level of bank release, i. e., issued to a person or company but not circulated by individual spending. These lists were forwarded to U. S. Secret Service who, in turn, forwarded them to the proper banks for a check of old records to see where and to whom the money was released. The success was realized from this exercise in that the number of records of the currency was printed in 1938 and 1939. (Some of the currency was printed in 1938 and 1939.) The system of loop records of large transactions has for a limited time only and this system is generally confined to foreign shipments.

4. In summary - The currency is both genuine and safe to be used as no known record exists out of U.S. and no secret markings were found from which the currency could be traced. It can safely be disposed of by a direct, confidential exchange at the U. S. Treasury or through wide dispersal by Finance Division to a number of banks. The only identification now existing is the package itself: \$3300,000.00 U. S. Currency, in 1000-\$50.00 notes and 3300-\$100.00 notes, all Federal Reserve Bank Notes.

5. During the various sorting procedures, a portion of a small Air Mail sticker was found; loosely attached to one of the notes. This sticker has been identified as French in origin, but it is an item used extensively in Southeast Asia, British Columbia, the west coast of France, Africa and a few Pacific islands. It therefore has very little identification value except to verify dispersal of the currency by purchase instead of arranging a bank transfer of funds.

6. During the various sorting procedures, it was observed that the currency was found to be in a very good state of preservation. The currency was released to the U. S. Secret Service and the U. S. Treasury for their use and the U. S. Secret Service contacted the pressions of the U. S. Secret Service.

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6 October 1961

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7. The study of the serial number groupings indicates that the bulk of the money was released through the Federal Reserve Banks of New York City and San Francisco, California.

8. In conclusion and in relation to possible source of the money, only qualified and tentative statements are offered as a possible background. The overall picture would seem to indicate that this currency was carefully hoarded, over the years, by a Chinese family, or families living in America, who intended it for use in China. As most of these cannot become American citizens, they often hoard their savings in China. Because of financial insecurity of the nation and hoard, it is often stored or buried on family property. The fund, one or more, was confiscated by the current government, (who may have added to it from other sources), and used for external work or operations. The information above is supported by the details listed above, i.e., recognizable features of note in Chinese environment; the serial number groupings indicating releases in New York City and San Francisco, California, cities with the two largest Chinese sections in the United States; the chronology of the notes indicating a lifetime saving program in each; and the French Air Mail sticker suggesting the shipment of currency instead of the ordinary procedure of a bank transfer of funds.

9. All physical evidence, \$700,000.00 U. S. Currency, in two (2) denominations, 1000-\$50.00 notes and 1000-\$100.00 notes, examined and individually identified by number, was transferred to G. V. G. Roosevelt, hand carried, on 23 August 1961. All currency counted twice (2) and the transfer witnessed by Charles Ryan and James O'Connor. Attached is the Air Mail sticker listed above.

ARMAND E. SIMONE
CHIEF OF BUREAU

1800.00 - 8-50's & 14-100's

Answer

See 13980-X for complete ref

See personal file H.E. Kinsey for

Obtained 12 April 61 - Returned 27 April 61

From the Bureau

Per telecon [redacted] Kinsey - Hold currency until notified of disposal plan. Reptition Bancroft [redacted] and writing instructions from [redacted] W. Helms. Specifically instructed that no further transfer be made in order to more closely control records and actual currency.

30 June 1961
H.E.K.

MEMORANDUM RECEIPT

23 August 1961
DATE

TO: C. V. S. ROOSEVELT

FROM: Herman E. Kimsey

SUBJECT:

I hereby acknowledge receipt of the following:

\$380,000.00 in U.S. Currency (3300 - \$100 bills)
(1000 - \$50 bills) as numbered in attached
list.

Please print name and address of the recipient

C.V.S. Roosevelt