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40690

17 OCT 1961

MEMORANDUM FOR: Assistant Deputy Director (Support)

SUBJECT: David A. Phillips - Request for Approval of Write-off of Expenditures of \$1,000 Cuban Pesos, \$261.24, Board of Review Case No. 100

1. BACKGROUND

"In March 1960 David A. Phillips, a staff employee, was assigned FTE to Headquarters from Havana, Cuba. Due to unsettled political conditions no ships were available for shipment of personal effects to the U. S. before departure of Phillips and his family. The packers requested an advance of \$1,000 Cuban pesos to meet forwarding expenses when a ship was available. Although (most of) personal effects were eventually received in the U. S. Phillips has been unable to obtain accounting for expenditures of the \$1,000 Cuban pesos. Final accounting for the move of Phillips and his family cannot be received until a decision is made on the debiting or crediting of the above amount." (Receipt from 20 July 1961 now attached)

2. FACTS BEARING ON THE PROBLEM ACCORDING TO THE EVIDENCE

"The events described above occurred during a time of considerable political uncertainty. When the packers were aware that no firm contracts with shipping vessels were available, they made a reasonable request in asking for an advance. The advance was given to the then President of the packing company. He has since "left the company," according to the present owners. Several letters and cables over a period of twelve months have failed to solicit an accounting from the company. A receipt in the handwriting of the President was obtained (See Attachment) which clearly stated his intention to return the unpaid portion of the payment. Also, there were expenses after the departure of Phillips: a law was passed by the Cuban government prohibiting export of any electrical appliances, thus Phillips' lighters were opened and the electrical appliances removed; they are still in Cuba . . ."

3. DISCUSSION

a. "Since the payment was made in a reasonable manner and in good faith; and since present conditions in Cuba make further accounting out of the question it appears that Mr. Phillips should not be held

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responsible for this expenditure. There seem to be no pertinent arguments in opposition to this opinion." (Excerpt from 23 July 1961 memo attached)

- b. 3rd Division has indicated that the full station advance to Mr. Phillips was Cuban Pesos \$2,062.77. The accounting of the Cuban company (Cuban Pesos \$1,062.70) covered the packing and stuffing of the goods of which Mr. Phillips has received a large portion. Mr. Phillips has not presented a claim to the Agency for his electrical appliances seized by the Castro regime, but he is expected to do so after the processing of this request. The amounts are tabulated below:

Phillips' account with packing company ..	\$2,062.70	Cuban Pesos
First advance	\$1,062.70	Accounting Rec'd
Second advance	1,000.00	Receipt Rec'd
Phillips' advance from station	2,062.77	
Due Phillips from Agency	0	Balance

4. CONCLUSIONS:

- a. Mr. Phillips should be relieved of further accountability and liability in this case since the events went out of his control and since he has done all that was possible.
- b. The receipt for 1,000 Cuban Pesos should be written off since Finance Division is not authorized to accept it in lieu of a regular accounting and a constructive accounting for goods shipped is not possible.

5. RECOMMENDATIONS:

Since the information presented indicates that Mr. David A. Phillips showed due prudence and no negligence in handling the advance of official funds (Cuban Pesos \$1,000.00) and that no accounting is possible because of factors beyond control of himself or the U.S. Government, it is recommended that he be relieved of further accountability or liability and that the shortage which amounts to U.S. \$361.84 be written off to account 0135-7493-3200 as an operational support expense.

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[Signature]

R. E. FUCHS
Chairman, Board of Inquiry

Attachments:

- 1. Memo dtd 20 July 61 to D/S for W/A
- 2. Receipt and Accounting of 5 Mar 60

