

UNITED STATES GOVERNMENT

# Memorandum

**TO:** MR. BELMONT

**FROM:** MR. W. C. SULLIVAN

**SUBJECT:** LEE HARVEY OSWALD  
INTERNAL SECURITY - R - CUBA

**DATE:** February 7, 1964

*Handwritten notes and signatures in the top right corner, including a large signature that appears to be "H. R. ...".*

The Director's affidavit prepared for submission to the President's Commission, to refute the allegation that Oswald was an FBI informant states, in part:

"The emergency conditions that prevailed during World War II when the FBI conducted its SIS program did not permit the tight supervision that prevails currently in the FBI's informant operations. But this is true only in regard to the fact that SIS men necessarily were given the latitude to develop and pay informants on the spot without prior approval from FBI headquarters. Nevertheless, SIS men operated under a control system and adhered to it by advising FBI headquarters of payments made and the identity of the individuals paid. Such payments were supported by receipts in nearly every instance."

This statement is supported by the following details which have been developed:

Eight Bureau Officials and Agents who were actively engaged in the SIS Program have been specifically interviewed on this point and are unanimous in declaring that every cent expended in our foreign operations was meticulously accounted for in official vouchers which were subjected to thorough review and supported in nearly all instances by actual receipts. These men state that so far as the accountability of funds was concerned, the same rules applied in the foreign field as were enforced in the domestic field. In this regard, the Manual of Rules and Regulations then in force in Section 130, captioned "Vouchers," required that "receipts should be secured for confidential expenditures wherever it is possible and practical to do so."

It is my personal recollection from my SIS experience that this rule was strictly adhered to and that never was there any question of operating in any other manner. This is borne out by the record.

- GAD:hke (8)
- 1-Mr. Belmont
- 1-Mr. Mohr
- 1-Mr. Callahan
- 1-Mr. Rosen
- 1-Mr. Sullivan

- 1-Liaison
- 1-Mr. Foarde
- 1-Mr. DeLoach

*Handwritten file number:* 162-109090

FEB 14 1964 NOT RECORDED

199 FEB 14 1964

22 FEB 18 1964

ORIGINAL FILED IN 105-105-105

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George Hall (now ASAC, Baltimore) was responsible for reviewing all vouchers submitted by SIS Agents from mid-1942 until 1946. In addition, he lectured to each class of new SIS Agents during this period. He states he instructed the Agents to secure receipts for every expenditure, including those to informants, to the fullest extent possible and in any event to fully account for each and every expenditure. That this was done is attested by the research conducted by the Administrative Division in locating the vouchers submitted by Wade. Mr. Jackson of that division personally examined all of the vouchers and receipts submitted by fifty other SIS Agents and noted that the expenditures of funds by these Agents were properly accounted for in each instance.

Heber Clegg (now ASAC, Salt Lake City) was Number One Man to C. H. Carson (now deceased) in the SIS Division and also recalled that payments to informants were handled in accordance with regulations in force in the domestic field. Clegg not only supervised operations at headquarters but also made actual inspection trips throughout Latin America and states that he and the other Inspectors made a point of looking into the expenditures made in connection with the informant program. He recalls that the Inspectors talked with each Agent whether undercover or on open assignment and discussed their informants and the payments they received making sure that the Bureau was receiving full value for the money that was being spent.

Assistant Director Tavel recalls that Agents were required to submit regular expense accounts, that these were subjected to rigid examination and inspection and that it was necessary to account for every single expenditure that was made.

SAs Nathan L. Ferris, Sam Papich, Sheldon Parks, and Wade Knapp, all of whom saw extensive SIS duty, fully support the foregoing statements.

Wade's own file contains a memorandum from C. H. Carson to Mr. Ladd, July 30, 1942, which states that Wade was given definite instructions in regard to the preparation of his expense vouchers. While Wade was still in training, an audit and inspection of SIS accounting methods was performed and they were found to be in order and correct, and a system of 90-day audits was established.

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OBSERVATION:

It is abundantly clear from the foregoing that we had controls in effect and that those controls were followed, even by Wade. While we cannot prevent future irresponsible and unjustified statements, we believe we can refute them, too, by the detailed records which we have available.

ACTION:

For information.

*Q*

*W.E.S.*  
*WCS*

*DJB*