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8 December 1966

MEMORANDUM FOR: IG Survey Group on Proprietaries

SUBJECT: Response to Questionnaire

1. Project AERODYNAMIC - (Support for Ukrainian Emigre Group ZP/UHVR - Ukrainian Supreme Liberation Council). [] Extension 6508.

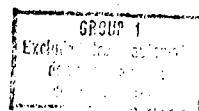
2. a. Objective. Nationalist flare-ups in widely scattered areas of the Soviet Union, and particularly those in the Ukraine, give evidence that the complete cohesion of the Soviet peoples toward which the Soviets have striven is far from accomplished. It is considered important to continue to encourage divisive manifestations among Ukrainians which in turn exert pressure on the Soviet regime. Project AERODYNAMIC represents SB Division's only organized contact with a non-Russian people per se, a nationality group second in strength to the Russians, through the ZP/UHVR (Foreign Representation of the Ukrainian Supreme Liberation Council), a group of anti-Soviet Ukrainian emigres. ZP/UHVR contacts with Soviet Ukrainians are being exploited to further the SB objective of recruiting Soviet citizens, and as an ancillary, intelligence on the USSR will be gathered to satisfy United States needs.

b. How Mechanism Functions. ZP/UHVR, through the Prolog Research and Publishing Assoc., Inc., in New York, the cover organization established to conduct its clandestine activity, contributes to Ukrainian nationalist ferment and to intellectual resistance to Soviet repression by exploiting existing and encouraging new deviationist tendencies among Soviet Ukrainians. CIA support to Prolog is based on our knowledge that the more than 42 million Ukrainians in the Soviet Union represent a significant percentage of the non-Russian nationality groups in the Soviet Union (which comprise 45% of the total population of the USSR). During the entire history of the Soviet Union the nationalities have created and continue to create linguistic, ethnic, economic and cultural conflicts.

The ZP/UHVR is a small, tightly knit group of individuals who were sent from the Ukraine in 1945 by the Ukrainian Supreme Liberation Council to make contact with Western intelligence representatives and to act in behalf of the homeland. (There were four individuals sent from the Ukraine and they coopted a small number of other members when they arrived in the West.)

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Unlike other political emigre organizations, the ZP/UHVR does not have a paid membership. It has refused to admit into its ranks anyone who arrived in the West after 1945, fearing penetration by Soviet intelligence. The ZP/UHVR has sympathizers and collaborators in emigre communities in at least ten Western countries. Project AERODYNAMIC operates through the Prolog Research and Publishing Association, Inc., which was established in 1953 to conduct the clandestine activities of ZP/UHVR. Mr. Mykola LEBED (AECASSOWARY/2), was appointed President of Prolog, and became the Principal Agent for Project AERODYNAMIC. He is one of the six individuals of the ZP/UHVR who is witting of CIA support, the others being the Reverend Ivan HRYNIOCH (AECASSOWARY/3); (A vice-president of Prolog who is located in Munich. A/3 is sort of a silent partner in the group's activities, because he has been censured in the past by his bishop for participation in clandestine activities, but he has a strong influence in the final decisions on policy matters of the ZP/UHVR. He is not officially listed on the payroll of the Munich office but is paid through a special account listed on the accounting books of Prolog as Project SCHWABING.); Dr. Myroslav PROKOP (AECASSOWARY/17), a vice-president of Prolog; George LOPATYNSKY (AECASSOWARY/4), a member of the Prolog Board of Directors; Bohdan CZAJKOWSKY (AECASSOWARY/26), Treasurer of Prolog; and Anatol KAMINSKY, (AECASSOWARY/29), a Prolog employee who has been trained by the CIA to act as the Prolog Operations Officer for Project AERODYNAMIC.

Using ZP/UHVR sympathizers, AECASSOWARY/29 organized a net of collaborators throughout Western Europe and the United States to engage in contact operations against Soviet citizens travelling in the West and in mailing operations. He is kept informed of their activity by correspondence and offers direction by means of letter or, when deemed necessary, he visits the area to direct the contact activity. He personally oversees contact operations in the United States, participating personally in a contact with a Soviet citizen only in rare cases. A/29 also personally briefs and debriefs Ukrainian emigres who travel to the Soviet Union where they have contact with Soviet Ukrainian citizens of interest. A/29 submits detailed reports of information obtained from Soviet contacts to the Project AERODYNAMIC Case Officer with whom he and A/2 have periodic contact, either in person, via a sterile telephone, or via correspondence mailed to a post office address established in Washington for this purpose. Accounting matters are discussed personally by the Case Officer with A/26. A/17 only occasionally participates in discussions with the Case Officer, usually only in the absence of A/2.

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3. Original Requirement for Project. Project AERODYNAMIC originated in Munich, Germany. When it began in 1950, it combined PP, FI and CE aspects. In 1955, CE operations were carried under Project AECARTHAGE, and the FI functions were incorporated under Project AEACRE. The PP operations centered in Project AERODYNAMIC. CIA support has been renewed annually since then.

4. In 1948, as the result of an intensive Agency study of the Ukrainian emigration made by a member of the SR Division, the Agency chose to work with the ZP/UHVR because it was the official representation of the internal resistance movement in the Ukraine, and also because it was the most operationally reliable and politically most acceptable. It is true an internal movement does not actively exist at present. However, many members of the old movement, plus many young supporters are alive today and the feeling of nationalism is very much alive. The ZP/UHVR has proved realistic in its approach to operational matters and its propaganda activity, and there has developed a relationship of mutual respect and trust. The importance of this group to the Agency is that it represents a channel of political force into the Ukrainian emigration all over the world, which consists of several million people, and also as a channel to the Ukrainians in the UkSSR. Supporters of the ZP/UHVR are found wherever the Ukrainian emigration exists. These supporters are active politically and give voice to the cause of Ukrainian independence. The publications of the group are used for the dissemination of pro-Western ideologies and anti-Communist material, and the good will which the ZP/UHVR maintains toward the United States Government is an important, though intangible asset. ZP/UHVR is not an old emigrant group. Members of the group constantly keep in touch with the homeland via correspondence and Soviet publications. In its publications, in the speeches made by its members in the United States and abroad, and in article contributions made to other emigre publications, the ZP/UHVR constantly strives to interpret the changes in the homeland to the emigre population which does not keep in close touch with the homelands. The publications of the ZP/UHVR serve to keep the group alive as a political force, and prove to the Ukrainian emigres that a political group does actively exist. The group serves as a center around which the group can work toward the dissemination of pro-Western ideologies and anti-Communist material, and it provides spiritual and moral sustenance to the Ukrainian emigration.

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There is no other organization which could be employed to attain the same objectives.

5. There are no other CIA operations or activities aimed at the same objectives.

6. The production under Project AERODYNAMIC is under constant review by the Project Case Officer and the Project accomplishments are reviewed annually in the request for Project renewal. The Project is not reviewed outside the DDP. The Project renewal request is reviewed by the CCS and by the CA Staff and any comments made are taken into consideration. CA/PEG recommended approval of the Project for FY-67, with no qualifying comment. The CCS/Funding Branch concurred in the FY-67 Project renewal request but recommended change to an exclusive-use funding instrument with nominal attribution, to replace the multipurpose instrument currently used. This proposed change in funding instruments was based on SB's view that U.S. Government support for the project is widely surmised among the Ukrainian communities in the United States and Western Europe. CA/PEG stated that the project was unique in the fact that Soviet officials at the United Nations have shown not only a willingness but an eagerness to participate in dialogue with ZP/UHVR collaborators.

7. Security. Prolog maintains strict compartmentation in the conduct of its activities. All business is conducted on a strictly need-to-know basis, and only A/2, A/4, A/17 (vice-president), A/26 (treasurer) and A/29 (the operations officer) are ever given access to any operational information concerning the mailing or contact operations. There has been nobody new accepted into the inner circle of the ZP/UHVR since 1945 and it is, therefore, believed that the group probably has not been penetrated by the enemy. The premises of Prolog are located in a large residential apartment building in New York so that surveillance of the premises would be more difficult than if the offices were located in a private building. The cover activity of the group is such as to provide plausible cover for its clandestine activity. The group has been attacked by the Soviets for anti-Soviet activity, and its members have been attacked for being "lackies of Western intelligence organizations". Recently a visiting Soviet citizen has even said he knew Prolog was supported by the CIA. To date, there have been no official Soviet charges to this effect, and it is almost a certainty that no documentary proof of CIA support is available to the enemy.

8. Headquarters Exercise of Authority. Pertinent CIA propaganda guidances and U.S. Government policies and ideas for propaganda plays developed in the Division are discussed with the Principal Agent by the Project Case Officer. The major responsibility for

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flexible operational decisions and for the allocation of funds for the various categories of expenses is placed on the Principal Agent and the Operations Officer. Comprehensive reports are submitted by the Operations Officer to demonstrate the effectiveness of the organization's activities. Administrative managerial authority rests with the Principal Agent. There are no written delegations of authority, except in the Prolog Constitution and By-Laws, which outline the provisions for new membership in the employment of new individuals, and provisions for the government of the organization. Management within Prolog appears to be satisfactory. There is a Memorandum of Oral Agreement with the Principal Agent only. He and the Operations Officer have always been responsive to Headquarters control, which can be maximum so long as CIA financial support continues.

9. Accounting. The only accounting service outside the Prolog staff is that performed by the yearly CIA audit of the books. CIA auditors have felt the Prolog treasurer is qualified to perform whatever accounting service is required under the Project. It is felt the management of Prolog is best left in the hands of the Principal Agent at present, because of the involvement of non-witting employees and because of the loyalty and respect he commands in the organization. The Principal Agent has always been responsive to Headquarters control.

10. Funding. Presently Project AERODYNAMIC is funded through [] in the following manner. A request for advance of funds is made quarterly by the Project Case Officer. On the basis of the request, CCS/NC notifies the [] to make the quarterly "contribution" to Prolog. [] draws a check for the amount requested on the [] and forwards the check directly to Prolog. Prolog deposits the check into its account at the Chemical Bank New York Trust Company. CCS/NC prepares appropriate exchange of correspondence between [] and Prolog to cover the transfer of the "contributions" approved by the trustees of [] [] is a legal entity established by CIA. The funding instrument was discussed between CCS and CSB/CA recently. As soon as CCS clarifies N.Y. State Welfare Department filing requirements, an exclusive-use funding instrument with nominal attribution will be selected and assigned to the project, replacing the multi-purpose instrument now used. This change is based on SB's view that U.S. Government support for the project is widely surmised among the Ukrainian communities in the United States and Western Europe.

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11. Accounting Reports. The case officer reviews the quarterly accounting reports to see what amounts have been spent in the various categories of Prolog operations and to note any changes from past periods. The reports also inform the case officer of the amount of operational funds which have been forwarded to Prolog still available. The reports are merely informational as far as the case officer is concerned. There has never appeared to be a need to correct the management of operations.

12. Personnel. Prolog employs 7 full-time and 7 part-time individuals. Of the 7 full-time employees, 1 (the treasurer) is employed in financial activity about 30 percent of the time, the remainder operationally, 1 full-time clerical employee, and 1 whose time is divided between clerical and operational activity. The remainder are engaged in operational activity, except for the President, who is engaged in managerial activity in addition to operational activity. Of the 7 part-time employees, 3 are clerical (typist) and operational (contact operations against Soviet citizens), and 4 are operational. In addition, there are 7 full-time employees in the Munich office; 1 bookkeeper, 2 clerical, 1 managerial-operational and 3 research writers. Munich also maintains 3 association editors at an average cost of \$280 each per annum. Five of the Prolog employees are witting, the remainder unwitting. None of the Munich employees is witting of CIA support, with the exception of AECASSOWARY/3, who is not carried on the Munich payroll. As stated in the foregoing, to preclude censure by his bishop for participation in clandestine activities, he is a sort of silent partner, responsible for the managerial activities of the Munich office. None of the Prolog or Munich office employees is under contract. There is merely a Memorandum of Oral Agreement with the Principal Agent, AECASSOWARY/2.

13. The current administrative plan is adequate for the management and control of Project AERODYNAMIC.