

~~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

E2 IMPDET
CL BY 065994

original forwarded.
12/2/75.

ATTACHMENT

SECRET

Poor Copy

G-7695
6 October 1961

MEMORANDUM FOR : Chief, TSD/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 1-\$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 TSD/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 plates, 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 counterfeiter, but also expensive, time consuming, impractical and highly undesirable.

2. Reference currency, Hobbs Note, was picked, at random from a list of 1002-\$50.00 notes and 333-\$100.00 notes. Total-\$300,000.00, U. S. Currency, all Federal Reserve Notes. The entire lot was delivered to TSD/CAIB/AGS, on 12 April 1961. The entire lot was examined in three (3) laboratories including TSD/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 plates, 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 counterfeiter, but also expensive, time consuming, impractical and highly undesirable.

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3. The entire package (1000 notes) was separated into 1000-\$50.00 notes and 3200-\$100.00 notes and checked for source. The serial number and date of each was then copied with a 535 Capewriter. 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. No success was realized from this exercise (the bank records go back to 1930 and 1935). The system keep records of large transactions but 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 CIA and no secret markings were found from which the currency could be traced. It can safely be disposed of by a direct, conditional exchange at the U. S. Treasury or through wide dispersal by Finance Division or a number of banks. The only identification now existing is the package itself: \$3200,000.00 U. S. Currency, in 1000-\$50.00 notes and 3200-\$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 adhering 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 Guiana, the Caymans, France, Africa and a few Pacific Islands. It therefore has little identification value except to verify dispersal of the currency by air mail instead of arranging a bank transfer.

6. The package, when handled, it was found to be in a very good condition. The package is believed to be a very high quality item and is being handled as such. The package was returned to the person who requested the permission to handle it.

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7. A 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 old age. As most of these cannot become American citizens, they often hoard their savings in China. Because of financial insecurity of the nation and hoards, it is often stored or hoarded on family property. The fund, one or more, was confiscated by the current government, (the money here added to that from other sources), and used for external bank transactions. The fund, as stated above is supported by the details listed above, i.e., the receipt numbers of such an official environment; the serial number groupings indicating release in New York City and San Francisco, California, cities which are two largest Chinese sections in the United States; the chronology of the notes indicating a lifetime saving program in cash; 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, \$20,000.00 U. S. Currency, in two (2) denominations, 1000-\$20.00 notes and 2000-\$100.00 notes, examined and individually identified by number, was transferred to E. V. G. Roosevelt, hand carried, on 25 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.

HERBERT A. THOMAS
C/PT, USAF, MAR

Kinsey

See 13980-X for complete ref

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

Our personal file H.E. Kinsey for

Obtained 12 April 61 - Returned 27 April 61

From the Bureau

Re: [redacted] Kinsey - Hold currency until notified of disposal plan. Re: [redacted] Bassett - [redacted] - [redacted] instructions from [redacted] H. Helms. Specifically instructed that no further transfers 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 title of recipient

C. V. S. Roosevelt