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SECURITY INFORMATION

TCJ-1-1801

Chief, RUC  
Acting-  
Chief of Station, Santiago

29 December 1961

LACACUS, Chile.

Fulminator-1's Pro-Forma Contract

Reference: TCS-N-1465

1. Attached herewith please find a pro forma contract which has been prepared for Fulminator-1's signature. He has stated that he is in agreement with its provisions. If this contract is satisfactory please return it for his signature at such time as his clearance is obtained.

2. FULMINATOR-1 has shown himself to be very enthusiastic regarding the proposed employment with this Organization and is anxious to start the tasks to be assigned to him as soon as his clearance is obtained and the necessary instructions are forwarded to this Station.

3. To carry out the covert propaganda aspect of FULMINATOR-1's duties he has highly recommended the use of Victor POSLATE Ortega. The latter is a Chilean, about 55 years of age, who is foreman of FULMINATOR-1's printing shop. He also lives on the premises and would be the only person who would have to know if the presses are used at night. He is not a member of the printers' labor union and his past actions have indicated to FULMINATOR-1 that he is 100% anti-Communist. He has been employed many years by MacKenzie and Co., a British firm which shared the print shop facilities with FULMINATOR-1's presses. However, FULMINATOR-1's equipment is entirely separate from MacKenzie's and if the covert work is done at night as is anticipated it is FULMINATOR-1's opinion that POSLATE could run off the work without any possible interference from other individuals. Another of POSLATE's advantages is the fact that he is able to perform all the printing operations which will be necessary to put out normal propaganda and similar material and this would eliminate the need to use other persons in the preparation of the propaganda material.

4. POSLATE has been closely connected with English and Anglo-Chilean officials of MacKenzie & Co. for many years but it is believed logical to presume that if he is paid generously for his work in this connection, with the understanding that the work is of a completely confidential nature and of a long-term basis, that he will agree to complete secrecy regarding the work. Amount of payment to POSLATE will have to be determined when there is some indication as to the amount of work to be done. A local investigation of this person has been initiated and the results will be forwarded as soon as possible. No derogatory information on this person appears in this Station's files.

✓ In line with the authorization received in TCS-N-1465, FULMINATOR-1 will be

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PROJECT OUTLINE

Project PSGROVEL Amendment No. \_\_\_\_\_

Type Operational

I. AUTHORIZATION

- A. Establishment "in the immediate future" of mechanism capable of conducting psychological and political Warfare aimed at the accomplishment of WMD missions (a) and (b) in Chile; as set out in Section II (paragraph 2.b.) of Annex B to the WMD/OPC Strategic Plan dated 1 November 1951. This task is assigned priority one in Phase I (1 Jan - 30 June 52) in the aforementioned Plan.

II. REFERENCES

- A. Budgetary data for this Project. (ANNEX A)
- B. Field dispatch (TCS-A-1801) outlining the terms of this Project. (ANNEX B)
- C. Headquarters cable authorizing recruitment of FULMINATOR-1 for this Project as a contract agent. (ANNEX C)

III. PROPOSAL

A. Statement

It is proposed to undertake the development in Chile of a group or committee composed of Chilean nationals which will engage overtly and actively in anti-Communist work and will function as a WMD mechanism for the accomplishment of WMD missions (a) and (b) in Chile, as set forth in Paragraph I above.

As the first step in implementing the development of that committee, it is proposed to engage the services of a high-calibre American national in Chile as a contract agent at an annual salary of \$6,000.00 to

1. Spot, recruit, and manage a qualified indigenous Chilean who will act as organizer of the aforementioned committee, and
2. Act as cut-out and principal agent for WMD, in the operations of the committee.

At such time as development of the committee warrants, the necessary steps will be taken to place the committee in the proper relationship with the DTHABIAS foundation for purposes of cover and support.

### B. Background

The American national in question is a former WFO/OLO agent (FULMINATOR-1) of proven ability, courage and discretion.

FULMINATOR-1's present occupation in Santiago, Chile, provides him with excellent contacts and cover for carrying out the tasks proposed for him above.

He is part owner of, and holds the controlling interest (51%) in a Santiago printing and publishing establishment that publishes an English-language newspaper, The South Pacific Mail, which FULMINATOR-1 edits. His establishment is well equipped to handle a great variety of printing jobs.

### C. Current Status

On 23 January 1952, WFO Headquarters authorized its Santiago Field Station to hire FULMINATOR-1 as a contract agent for a period of at least two years (See ANNEXES B and D). In his agent capacity, FULMINATOR-1 will undertake to develop the committee referred to above in Paragraph A of this Outline.

At such time as that development warrants, an Amendment to this Project containing a statement of all new requirements, will be submitted to competent authority for approval.

### IV. RECOMMENDATION

That there be allotted to this Project funds in the amount of \$4,700.00 to provide salary for FULMINATOR-1 for the remainder of Fiscal Year, to cover the cost of bringing him to Washington for a period of covert training, provide his per diem allowance while here, and transport him back to Santiago, Chile following that training period.

### V. OPERATIONAL DETAILS

#### A. Area of Operation

Chile

#### B. Operational Control

1. WFO Headquarters will exercise final control of this Project, and act as its support unit.

2. The WHV field Station, Santiago, Chile, will exercise fieldcontrol of Project operations in accordance with instructions from Headquarters.

C. Personnel Required

One cleared, witting agent to act as Project principal agent and cut-out (FULMINATOR-1).

D. Communications Plan

Available WHD pouch and cable facilities between Headquarters and the Santiago Field Station.

E. Support Plan

1. Training

The Project's principal agent will receive approximately one month of covert training in Washington, D. C., and return to Chile. All expenses in connection with this training are to be borne by WHD.

F. Reports Procedure

Progress reports will be submitted to WHD Headquarters by the Santiago Field Station in accordance with Headquarters directives.

G. Cover and Security

1. Cover

FULMINATOR-1 will remain in Chile in his present business position. As a cover story for his trip to Washington for covert training, FULMINATOR-1 has advised that an option has been bought on one of his plays and that a trip to New York to discuss the play with the prospective producer is completely logical.

2. Security

On 10 January 1952, WHD received an CPC Operational Clearance on FULMINATOR-1.

Communications between FULMINATOR-1 and the Santiago Field Station will at all times be carried on by means of a secure cut-out.

Since FULMINATOR-1's cover is his overt business situation in which he is already established, and since that situation provides him with printing and publishing facilities, it is believed that good operational security can be maintained with a minimum of effort in this Project.

VI. BUDGET DATA

See ANNEX A. (OPC Form No. 104).

SECRET

-2-

brought in. Mr. LANGEVIN indicated that his cover for contacting the Embassy was good, and further indicated that no unauthorized person in Chile knew of his U. S. Government activities.

4. Information on FUELER: When questioned about the discretion of FUELER, LANGEVIN indicated complete confidence, stating that she was very efficient and would be useful in assisting him in PI work. LANGEVIN was thoroughly briefed on the fact that FUELER must never know of DTHAERS or its connection with the committee.

5. Words and Deeds: Mr. LANGEVIN stated that the format, paper, type and photoengraving of this pamphlet was far above Chilean standards. He said that Chile had only one printing house capable of producing such work, and no artists of the caliber exhibited in the pamphlet. He suggested a Spanish or French attribution on poorer paper. The reproduction of positives is also not done in his plant, but must be contracted for at a Santiago photoengraver's.

6. Bank Details: Mr. LANGEVIN has opened an account at the Chemical Bank and Trust, 74th Street and Madison Avenue, New York City. All future monthly payments will be made to that bank, beginning with the payment for April.

Leo E. Patton

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STANDARD

Office Memorandum • UNITED STATES GOVERNMENT

TO : ADPC  
VIA : OD/CO  
FROM : C/AD

DATE: 7 July 1952

SUBJECT: Information on Paul D. LANGEVIN, principal agent of Project PBGROVEL

1. Paul D. LANGEVIN is the principal agent of subject project, approved 12 February 1952. Project PBGROVEL contemplates the establishment in Santiago of an indigenous anti-communist committee which, when developed, will be placed under DTNABEAS.

2. Subject agent was granted an OSO clearance 3 October 1950, and proved his usefulness as a cut-out and in a DYCLAVIER printing operation. Subject was granted an operational clearance for DYCLAVIER work 14 January 1952, and received covert training in New York City in April. Since his return to Santiago, subject has engaged in spotting and recruiting an indigenous principal agent who will in turn organize the anti-communist committee.

3. Subject is the Texas-born 30 year old, owner and publisher of the English-language weekly "South Pacific Mail" of Santiago. Subject has also had acting and writing experience since his completion of wartime service in the U. S. Air Force. Subject has been in Chile since November 1949 and at present has a two year contract as agent for this agency, signed 25 January 1952. Subject has indicated on several occasions a continuing interest in obtaining a permanent position with this agency.

4. Due to the Subject's travel to New York for training, several officers of WHD have had an opportunity to observe and evaluate subject. Opinion on subject has been consistently favorable and he has impressed all as a person of high intelligence and personal integrity. Subject has had a varied occupational background, excellent education, and exhibits exceptional poise and a good appearance.

*J. C. KING*  
J. C. KING

STANDARD

April 17, 1953

Rec'd May 16, 1953

DTHABLAS

Dear Mr.

Thank you for your letter of April 9th, 1953. I am sure you will understand that the delay in answering has been due to my efforts to gather the information needed for a detailed response to your questions. I have had several conversations with the editor of the publication we wish to revive, as well as other interested parties, and my answers are based on the results of these conversations.

a. "Submit a report....setting forth plans....etc.". The plans are to revive the weekly publication "For Chile", of 20 pages, tabloid size. It will be printed on Thursday afternoon and be dispatched by air to the north (nitrate and copper areas) and by rail to the South (coal mines and textile factories). Thus the review could be sold as workers left their factories for the week-end, leaving Saturday and Sunday reading for the family. Our objective is to reach employees and workers prior to their mass organizations. Many industrial concerns would purchase the publication for resale to employees at a lower cost. An example: during the review publication period the Carbonifera Lota (Lota Coal Mine, Chile) began with a subscription of 400 copies. That number, due to interest of the readers, was quickly increased to 1,800. The newspaper, as in the past, would be backed by the organization "Propaganda for Chile". The sum needed to re-establish this group would be about two to two and a half million pesos. Of that amount one million pesos would be raised locally; from the old society and any new sources available. That would mean we would be called upon to support our group to the extent of one or one and a half million pesos for a minimum period of one year.

b. "Inform (possibly)....additional anti-Communist activities....etc.". The publishing of a weekly newspaper would not be the extent of our group's activities. I quote verbatim from the ideals expressed in the legally incorporated organization in 1947:

"The object of the society will be the exploitation of newspapers, radio and other means of propaganda destined principally at the defense of our regime of constitutional democracy and our sovereignty against the Marxist forces, Soviet communism, and any other form of totalitarianism. In its newspaper, publications and other means of propaganda the society will stir the patriotism of the citizens and show to the public conscience the tragic reality of the Soviet regime; it will fight for clean government and the betterment of the working classes on the basis of the correct application of social laws and conditions. The Society will



utilize for its ends all legal methods of the expression of ideas and principally it will edit reviews, books, pamphlets, handbills and posters and will make all kinds of publications, radio broadcasts and projection of films. The society will also give aid to all groups or organizations with similar aims and will utilize all the means of thought necessary by the Board of Directors in order to carry out its ideals".

c. "... (the channeling).... of aid to other worthy civic, social, business or religious organizations....". Naturally, our group would be delighted to aid others (see above).

d. "....will it be possible to obtain financial assistance locally?"

At the present time it is impossible to say definitely how much financial assistance could be obtained here. But it is interesting to note that the sum first ascribed for the inauguration of the old association was \$600,000 pesos. This sum was also derived from spontaneous donations, etc., once the group had become a reality.

I hope the above will be sufficient for the present. We are presently waiting a detailed estimate of printing costs for "For Chile" and studying the problems involved—a serious shortage of paper, for instance. But I honestly feel that this organization and its official organ "For Chile" plus a small number of younger people who are interested in fighting Communism, would be the firm beginning of a great work in this country, which might some day spread throughout Latin America.

Sincerely and cordially,

(FUNEBRIAL)

Encl.

June 17, 1953.

(FOURBZ/AL)

Dear Sir:

This is to acknowledge with thanks receipt of your informative letter of April 29, 1953 which arrived by steamer mail. We regret that an earlier reply has not been possible, but the time elapsed has been well spent in giving your latest report and your proposal of March 5, 1953, the serious consideration which they deserve. We might suggest that your future correspondence be sent to us by airmail.

The executive board of the Foundation has studied your report of April 29, 1953 and appreciated your comprehensive response to our request for further information. The objectives and contemplated activities of your group certainly seem to be highly consistent with the general aims of the Foundation and as such would merit careful consideration of financial assistance as you have indicated would be necessary.

As above indicated, your proposal of March 5, and report of April 29, have met with the sympathetic interest within the Foundation; of particular interest are the indications of strong local support in the past, as evidenced by the \$500,000 peso initial incorporation subscription, plus an almost equal amount in subsequent donations for the ("P.F.C.") organization.

However, we would like to know to what extent the 1947 figures, which you cited in your letter of April 29, might serve as a realistic basis for a 1953 estimate of support which might be obtained locally.

If, in the light of information at hand and any additional information which you may furnish on the personnel, resources, and needs of your group, your proposal should prove to constitute the feasible and desirable activity which it now appears to be, we will endeavor to lend our support to you in every way possible.

The Foundation will not be in a position to frame a definitive answer to your proposal until we are in receipt of, and have reviewed, your promised estimate of printing costs for ("P.F.C.").

Very truly yours,

(DTHABZAS)

See also action

July 18, 1953

(DTHABEAS)

Dear Mr. \_\_\_\_\_

Thank you very much for your letter of June 16th, 1953, explaining that you are still considering the possibility of aid for our group.

First, I want to apologize for the error which resulted in my last letter being sent sea-mail. Of course all future correspondence will be via air-mail.

Attached find one of the 15,000 pamphlets which were recently distributed to Chile's University students in Santiago, Valparaiso and Concepcion. We think it is a graphic example of the kind of work our group can do. Funds for the project were raised by "For Chile".

We are hoping to send you more complete details at the earliest possible moment.

(depend ?)

In spite of the local economic system we feel that we can/ can support locally for any such project of the group, and will re-affirm possible capitalization in our next letter.

There is no question that there is a great deal of work to be done here. The pamphlet, for instance, originated from the students involved and was produced with our aid.

Hoping that we may hear from you soon again. Regards, and thanks for your interest.

Very truly yours,

(FUNEBRIAA)

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HCSA-345

Chief of Mission, Santiago

Chief, WMD

KUGOWN Matters

FURIOSO-C

REFERENCES: (a) HCSA-434; (b) SAGO-848; (c) DIR 16626; (d) DIR 17648

1. This is to confirm and amplify reference (d), that Headquarters has prepared the initial letter from DTHAREAS to Martin J. COHENIAS. This letter, which requests COHENIAS to act as the "honorary" DTHAREAS representative in Chile, is being sent air-mail to the COHENIAS residence in Santiago.
2. As an attachment to this dispatch we are forwarding the draft of a suggested reply to be sent by COHENIAS to DTHAREAS, via air mail. COHENIAS need not use our suggested letter verbatim, as long as he does incorporate in his reply the ideas contained in our draft.
3. Upon receipt of the letter of acceptance from COHENIAS, DTHAREAS will send COHENIAS a letter of introduction to FUNERIAL. DTHAREAS will also, at the same time, alert FUNERIAL to the anticipated contact, asking him to get COHENIAS in touch with FUNERIAL-1.
4. For security reasons we are not enclosing copies of the initial DTHAREAS letter to COHENIAS. It is suggested that station make its own file copies of the letters sent directly to COHENIAS.
5. In his contacts with FUNERIAL and FUNERIAL-1, COHENIAS will naturally not disclose a greater knowledge of the DTHAREAS-FUNERIAL relationship to date than would logically be available to him through his own correspondence with DTHAREAS. In order to facilitate understanding between COHENIAS and the FURIOSO-C group, however, the next letter from DTHAREAS to COHENIAS will include, in addition to the letter of introduction, copies of the FUNERIAL-DTHAREAS correspondence to date. Headquarters realizes that this correspondence is already available to COHENIAS, since copies were pouched with HCSA-274, but it is believed that COHENIAS will be in a firmer position vis-a-vis FUNERIAL if he can produce his own copies of such correspondence, direct from DTHAREAS.

6. Since DTHAREAS/

J. C. KING  
CNR

W. D. F. HOGAN, JR.  
DC/IR I/AE

DAVID W. SIKER  
C/IR I/AE

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Attachment to:  
HCS-365

Dear \_\_\_\_\_

I have received and considered your kind letter of \_\_\_\_\_ and am sincerely flattered that you should be willing to place such confidence in me. I would be proud to serve as an "honorary" representative of the Foundation, and pending receipt of the necessary further details, I will be happy to accept.

You were entirely correct in assuming that I have maintained an active interest in the good work of the Foundation. In fact, my interest, rather than diminishing since I left the U. S., has greatly increased in view of my observations and experiences here in Chile. There is a great need down here for just such activities as you have mentioned in your letter, and I would welcome an opportunity such as you have presented, whereby I can contribute to the Foundation's program of assistance.

In conclusion may I say that I shall look forward to meeting and working with FUNDRIAL and FUNDRIAL-1 as soon as you can furnish me with the letters of introduction to these gentlemen. I agree that the task at hand is not one to be measured in terms of salary, and I shall consider the satisfaction I expect to derive from this work as ample remuneration.

Thanking you again for your expression of confidence in me, I am

Very truly yours,



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Security Information

October 6, 1953

Dear FUNERIAL:

It is my privilege, by means of this letter, to introduce to you my good friend, Mr. COHENIAS, who has recently, and very graciously, consented to act as the Foundation's personal representative in Chile.

I have taken the liberty of asking Mr. COHENIAS to serve in this capacity primarily because the statutes of our Foundation require that we seek the services of a U.S. citizen to represent us in any foreign country in which one or more Foundation grants may be operative. In addition, however, I earnestly believe this arrangement will serve to strengthen the very promising relationship already established between us and to stimulate those activities which are of mutual interest to us. I had not mentioned this stipulation in our previous correspondence, but I do so now in view of the possible imminence of a formal agreement between Propaganda For Chile and the Foundation. Our receipt of your promised printing cost estimates would pave the way for approval and detailed planning of an actual grant of assistance.

It is my hope and expectation that Mr. COHENIAS will call upon you in the near future to present his respects and ours. As our representative he is authorized and prepared to discuss all matters of mutual concern. Mr. COHENIAS has been instructed to extend to you, to Sr. \_\_\_\_\_ (to whom, I trust, you will introduce Mr. COHENIAS), and to your group as a whole, every possible courtesy and assistance. It is my sincere desire that this personal contact will prove to be of common benefit.

Enclosed you will find a copy of my letter of this date, to Mr. COHENIAS. At the same time, I am sending Mr. COHENIAS a copy of this letter to you, as well as copies of our previous correspondence, so that he may familiarize himself with developments to date.

Trusting that you and Sr. \_\_\_\_\_ will receive Mr. COHENIAS as our representative in the same spirit with which he has offered to serve, and hoping that this arrangement will mark the beginning of a worthwhile and enduring association, I remain,

Very cordially yours,

DTH:KAS

cc: COHENIAS

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## Project Outline Clearance Sheet

Project Title FARIOGO C (FARIOGO) Amendment No. 2 Project No. \_\_\_\_\_Developed by: John C. Leasing USAID 18 December 1953  
Organization DateCase Officer  
Reviewed by: Robert W. Herbert 12/20/53 JCKing 12 Jan '54  
Foreign Branch Chief Date Division Chief DateConcurrences: [Signature] 1/12/54  
DateFrank Springblood CPP/WH 14 Jan '54  
DateThomas Carroll STC 20 Jan '54  
Date

Pure subsidy - requires no C. participation

Kevin Stephens 5 Feb 1954  
Date  
C/Commercial Div.(PP/Press - concurred on # 2, 29 Jan '54)  
Date(PP/PAD - concurred on 3, 27 Jan '54)  
Date\* (BUDGET DIV. - see note below from # 2, 10 Feb. '54)  
Approved subject to conditions below\* [Signature] CFO  
\* (DYP-ADMIN - concurred on # 2, 12 Feb. '54)  
Conditions of Approval\* "funds available"  
JCKing - for CIP - 19 Feb '54

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- 6 -

### III. THE PROPOSAL

#### A. Statement of the Proposal

1. In basic project PEGROVEL, it was proposed to undertake the development in Chile of a group or committee composed of Chilean nationals which would engage overtly and actively in anti-BGGYPSY efforts and would function as a WED mechanism for the accomplishment of WED missions (a) and (b) aforementioned. As the first step in implementing the development of the committee, it was proposed to engage the services of a PERPIDE national in Chile as a contract agent whose task was to select, and exercise subtle guidance over a qualified Chilean, the latter to act as the organizer of the committee. It was further stated that at such time as development of the committee warrants, the necessary steps would be taken to place the committee in the proper relationship with the DTHAREAS foundation for purposes of cover and support. The provisions of the foregoing are now revised in accordance with the proposal of this amendment as set out below. The overall objective of the basic project remains unaltered.

2. It is proposed, in this Amendment No.2 to Basic Project PEGROVEL, that WED furnish technical and financial support, not to exceed \$10,000 during Fiscal Year 1954, to an indigenous group of Chileans for the purpose of aiding the group in its overt anti-BGGYPSY and anti-BIGHT KUGON-type activities. WED support will be specifically designed to assist in the re-activation of the group along its original lines and to foster by support periodically advanced, the revival of the group's official organ, a weekly news magazine. It is anticipated that the indigenous group will eventually also serve as a mechanism for the channeling of WED support to other worthy groups with similar aims. (See Annex C).

#### B. Background

1. In 1947, a group of influential Chilean business and intellectual leaders formed a legally chartered organization dedicated to an overt and active anti-BGGYPSY and anti-BIGHT program through use of all types of KUGON media. The group published an anti-BGGYPSY weekly news magazine designed for the working class audience. The activities of this group, including publication of its official organ, were later suspended as a result of financial difficulties, public solicitation and subscriptions being, at the time, the only source of funds.

2. Through the encouragement and subtle direction by

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Mission Santiago, working through contract agent Paul D. LANGEVIN, FUNERIAL, an unwitting Chilean with excellent contacts in business and intellectual circles, has succeeded in re-activating the former organization, and has recently approached DTHABEAS with a request for support for the group's activities.

**C. Current Status**

1. The provisions of basic project PEGROVEL and of Amendment No.1 have been fulfilled. Contract agent Paul D. LANGEVIN has accomplished his mission, that of collecting and subtly guiding a Chilean citizen as the indigenous organizer of the committee. The loan to LANGEVIN, provided under the terms of Amendment No.1, has been paid in full, and the services of the contract agent, for this project, were terminated as of 31 August 1953.

2. The present committee, composed of influential Chilean citizens, has been in touch with the DTHABEAS foundation since March, 1953. The initial contact and subsequent correspondence with DTHABEAS have been handled by FUNERIAL, who, while not a member of the original (1947) group, is an outstanding caricaturist and satirist with abundant experience in journalism and publishing, and who has taken the initiative in re-forming the once-active committee.

3. DTHABEAS is currently awaiting receipt, from FUNERIAL, of a detailed estimate of financial support needed, to include printing costs of the group's weekly news magazine. The publication itself will be published and edited by FUNERIAL-1, a dynamic anti-BEGEPSY individual who also published the official organ of the 1947 organization. Upon receipt of the abovementioned estimates, and pending their review and approval by WMD, DTHABEAS should be prepared to extend technical and financial support up to the amount of \$10,000 per annum. It is understood that such WMD support, channeled through DTHABEAS will supplement at least an equal amount which is to be raised locally by the FUNERIAL committee.

4. Contract agent Paul D. LANGEVIN has been replaced, as the cut-out and principal agent for WMD, by Staff Agent Martin J. COHENIAS. The latter is presently being introduced into the operation as the Chilean representative of the DTHABEAS foundation; this is being done by means of correspondence between DTHABEAS, FUNERIAL, and Martin J. COHENIAS. Once WMD support to the FUNERIAL group is actually extended by DTHABEAS, COHENIAS, through the exercise of subtle guidance made possible by his capacity as a DTHABEAS representative,

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- 3 -

will exert at least indirect control over the activities of the group.

**D. Advantages to be derived by KUGOWN**

1. By supporting the activities of the FUNERIAL organization, WED will obtain the services of a secure mechanism unwitting of ODYCE interest, capable of conducting extensive KUGOWN activities on an overt and indigenous basis.

2. In addition to execution of its own KUGOWN type program, the FUNERIAL group will serve as the focal point for funding and direction of other KUGOWN activities carried on by other indigenous groups having similar aims. By extension of support to other such groups, the FUNERIAL organization could thus become the nucleus of a secure KUGOWN network, requiring no direct contact by WED/KUGOWN personnel under ODACID cover.

3. Since this operation would be funded by WED headquarters, through the WED mechanism DTHAEAS, and since control will be exercised by DTHAEAS through its Staff Agent representative in Chile, Mission Santiago will be relieved of all but a monitoring and reporting responsibility. This is in accordance with the WED plan of removing direct control of, and attribution for, KUGOWN operations from the official station.

**E. Risks Involved**

Risks involved in establishing the KUGOWN channels envisaged in this project should be minimal. The indigenous individuals concerned have been recruited on an unwitting basis and will be handled by Martin J. COHENIAS directly. The FUNERIAL group, as an existing legal entity, has good natural cover and can accept direct attribution for its KUGOWN activities. No Station personnel will be involved and the possibility of ODYCE interest being disclosed will be further minimized by secretly funding the group and backstopping both Martin J. COHENIAS and the group's activities by DTHAEAS. FUNERIAL will be unwitting of the original source of his funds and of ODYCE interest.

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- 10 -

IV. THE RECOMMENDATION

That the funds currently approved for this project under the WED Operational Plan for FY 1954 in the amount of \$10,000 be authorized for the implementation of the proposal outlined in this amendment. This support is not to exceed \$8,000 during the remainder of FY 1954. Funds used in furthering the revised plans for this project will be provided periodically to the DTRA/EEAS funding mechanism after receipt of statements from FUEBRIAL as to the proposed use of the monies.

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- 12 -

V. OPERATIONAL OUTLINE

A. Area of Operation

1. Geographic area

a) Chile

2. Specific target groups

a) Business and intellectual circles

b) Working class reader audience

B. Operational Control

1. Control exercised by Headquarters

WHD/KUGGWH will exercise operational control through DTHAEAS which will disburse funds to the FUNERIAL group in accordance with specific WHD instructions. Control will be effected through the allotment of funds on the basis of budgeted need, through DTHAEAS, to the FUNERIAL group upon evidence of satisfactory performance of the missions assigned to this organization.

2. Control exercised by the Field

Chief of Mission, Santiago, will exercise indirect control through Staff Agent Martin J. CONEHLAS. By means of independent checking and reporting procedures, Mission Santiago will keep headquarters informed of the FUNERIAL group's activities. Should the group fail to provide satisfactory performance, Mission Santiago will advise headquarters to withdraw financial and technical assistance.

C. Duration of the Project

It is anticipated that this project, if approved for FY 1964, will be continued in the future by means of a re-allotment of funds obtained through the yearly Operational Programs.

D. Possibility of Overlapping Jurisdiction

It is anticipated that FUNERIAL may eventually be used to channel support to other groups in Chile, either existing

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-13-

or contemplated, which groups may fall within the province of other MID/INOCOM projects in Chile.

E. Personnel Required

1. FUGERIAL and FUGERIAL-1, both unwitting Chilean officials of the FUGERIAL organization, are immediately available as Principal Agent and sub-agent, respectively.
2. Martin J. COHENIAS, a MID Staff Agent, will be the field Case Officer for this Project.

F. Communication Plan

1. The present direct correspondence between DTHABEAS and FUGERIAL will be supplemented by correspondence between DTHABEAS and Martin J. COHENIAS.
2. Existing facilities will suffice for communications between Headquarters and Mission Santiago and between Mission and Martin J. COHENIAS.

G. Support Plan

1. Support to be furnished by Headquarters

Support furnished by headquarters will consist primarily of operational, propaganda, and technical advice, as well as the provision of funds.

2. Support to be furnished in the Field

Mission Santiago will observe covertly the activities of FUGERIAL's group to assess the effectiveness of such of their activities as are related to this project.

3. Funding

a. At the present time the specific financial requirements of the FUGERIAL committee cannot be given, nor can any firm schedule of disbursements to the committee be set forth in this amendment since these requirements will be met on a day-to-day and month-to-month basis depending on the needs of the committee.

b. Disbursements from funds authorized under this amendment will be controlled as follows. Periodically, every few months, the FUGERIAL committee will submit a budget to DTHABEAS for the funds it requires for the succeeding quarter.

SECRET

c. Information

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Security Information

Upon approval of this budget by Headquarters, the funds will be placed to the account of Staff Agent Martin J. COHENIAS, who will be accountable for their disbursement in accordance with Confidential Funds regulations. COHENIAS will disburse such funds in the smallest amounts possible, consistent with maintaining the operating efficiency of the project. He shall not, moreover, make additional disbursements until he has received tangible evidence of expenditure (receipts) for previous disbursements. Ordinary disbursements should not exceed \$1,000.00 and should be covered by receipts within thirty days. Where the Staff Agent is certain that receipts cannot be obtained for large disbursements and where the expenditures cannot be authenticated with certainty by the Staff Agent, an amendment to the project should be prepared and a proposed administrative plan should be forwarded to Headquarters for approval. Staff Agent Martin J. COHENIAS shall take all reasonable precautions to insure that he maintains complete control of the financial phases of this operation at all times and that all disbursements adhere to the Confidential Funds Regulations and the objectives authorized in this project and its amendments.

#### H. Reports Procedure

In granting financial aid to FUNERIAL's group, DTHAREAS will request periodic reports of activities and expenditures. These reports will be covertly checked by Mission Santiago.

#### I. Coordination

No coordination will be required beyond WED.

#### J. Cover

As a completely overt and legitimate local organization, with an avowed anti-DOGYPSY program, the FUNERIAL group has natural cover. WED support will be covered by channeling funds through the secure DTHAREAS mechanism. Martin J. COHENIAS is a Staff Agent under unofficial cover in addition to which his relationship with the FUNERIAL group will be carried out in his capacity as the local representative of DTHAREAS.

#### K. Security

All indigenous personnel involved in this project are unwitting of DOGYPSY interest. Funding, control, and guidance of the FUNERIAL group will be handled in such a way that DOGYPSY interest will not be disclosed to indigenous or unauthorized persons. Attribution for the group's activities can and will be accepted by the group. The original source of funds will not be known by the group.

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## SECRET

SECURITY INFORMATION

PROJECT FINANCIAL DATA		PROJECT ORIGINATOR		
*MAY NOT EXCEED SECRET CLASSIFICATION		PROJECT ORIGINATOR		
RESPONSIBLE STAFF OR DIVISION		CASE OFFICER		
W/EL.I		John W. Isardner		
FISCAL PERIOD COVERED		1953 THRU 30 JUNE 1954		
<b>A. PERSONNEL REQUIREMENTS</b>				
Indicate number and type of personnel required and estimated total compensation for salary, allowances, travel and related employee benefits. Include everyone paid from project.				
TYPE	NUMBER		ESTIMATED COMPENSATION	
	U. S. PERSONNEL	FOREIGN NATIONAL	BASE SALARY	ALL OTHER
STAFF EMPLOYEES				
STAFF AGENTS	1		0*	200 (travel, etc.)
CAREER AGENTS				
CONTRACT AGENTS				
CONTRACT CONSULTANTS				
DETAILED PERSONNEL				
FIELD AGENTS		5	3,000	500
MILITARY				
ALL OTHER	*Salary paid from Station S/O Allotment			
TOTAL A.	1	5	\$2,000	\$700
<b>B. SUPPLIES, MATERIEL AND EQUIPMENT</b>				
Indicate amount required in applicable spaces. Attach complete supporting list for each.				
COMM	CHEMICAL	QUARTERMASTER SUPPLIES	OTHER SUPPLIES	
\$	\$	\$	\$ 200	
MEDICAL	ORDNANCE	SPECIAL DEVICES	OTHER EQUIPMENT	
\$	\$	\$	\$	
TOTAL B. \$200				
<b>C. OTHER OPERATIONAL EXPENSES</b>				
Indicate volume and nature of expenses such as (1) maintenance of two operational houses abroad (2) spot purchase of information, etc.				
Office, rental and utilities			\$1,200	
Publication equipment and supplies (locally purchased)			2,000	
Local reimbursement for repair, printing, and similar services			500	
TOTAL C. \$3,700				
<b>D. SUBSIDY OR PROPRIETARY PAYMENTS</b>				
If funds are to be turned over to individuals or groups in large lump sums to be expended by the individuals or groups at their discretion to accomplish an espionage objective, explain the type of financial accounts, factual verification or statements, if any, other than a receipt for the lump sum, which will be obtained.				
None anticipated				
TOTAL D.				
TOTAL FUND REQUIREMENTS (A + B + C + D) \$3,000				



SECRET	
SECURITY INFORMATION	
E. FUNDING REQUIREMENTS	
APPROXIMATE DATES AND AMOUNTS OF MONEY REQUIRED	
December 1953 \$500	March 1954 and each succeeding month through June 1954 \$1,000 each.
January 1954 2,000	
February 1954 1,500	
FORM REQUIRED	
<input checked="" type="checkbox"/> U. S. DOLLARS	<input type="checkbox"/> FOREIGN (SPECIFY) <input type="checkbox"/> NEGOTIABLE INSTRUMENTS (SPECIFY)
SPECIAL SECURITY REQUIREMENTS OR METHODS OF TRANSMISSION	
None known	
F. SPECIAL REQUIREMENTS	
<p>(Within security limitations, list any other facts or circumstances which will enable Special Support Staff to lend adequate logistical support to this project. Indicate specifically the "RUSH" or "TIME" factors involved)</p> <p>Expeditionary approval is requested so that money can be expended as soon as the FUNERIAL group submits to DTHABEAS its concrete cost estimates for setting up offices and equipment.</p>	
SECRET	