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with a limited number of people. We believe the direction of the station is of high caliber, but not all the station effort is carefully directed at priority targets. Under current personnel ceilings, there is little hope of increasing the manpower available for this critical effort. Thus, both Headquarters and the station must carefully place emphasis on assignment of priorities and upon selective execution of the activities to meet those priorities.

#### Organization for Operations

98 5. The Mexico City Station approaches the classic type station in opportunities and in operations. It has high-level **liaison** operations, unilateral operations, joint operations with the host government, and Soviet, Satellite, Cuban, and indigenous Communist Party operations. It has local collaborative liaison with other U.S. agencies: the State Department, the Federal Bureau of Investigation, the Immigration and Naturalization Service and the military. To accomplish this wide range of tasks, the station is organized into the Soviet Branch, Cuban Branch, Satellite Branch, Covert Action Branch, Communist Party Branch, and an operational catch-all which is called the "Operational Support Branch." This latter branch is headed by a senior operations officer who has two assistants, but the branch in reality is an extension of the chief of station's personal clandestine capabilities, giving force and effect to that facet of the chief of station's personality as an operator. The deputy chief of station, in addition to his administrative duties, also personally handles the operations of three projects.

#### Cuban Operations

[Significant] 6. Mexico City is the only direct air link which Cuba has with the Western Hemisphere. It is the major transit point for all air travel to and from Cuba. Approximately 150 persons per week travel each way to and from Havana via Mexico City. This fact plays a prime role in shaping the station's operational activities. For example, over 70 per cent of the station's FI reporting on Cuban activities in the past year dealt with travel, both Cuban and non-Cuban, between Mexico City and Havana.

98 7. The station has no agents reporting from in place in Cuba. Two operations have had problems in loss of communications, but have some promise of future success. One agent, a Cuban refugee

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98 now working in Mexico City, had recruited three sub-agents before leaving Cuba but his channel of communications with them has been severed. Another station agent is in a good position in Cuba to obtain intelligence from foreign telephone communications. The station will attempt to re-establish contact with him through a legal traveler to Cuba. The station has a number of sources with access to Cuba in third country nationals who are debriefed each time they return to Mexico City from Cuba. Best of these is a Western European who was the source of some 15 disseminated intelligence reports last year. He travels to Cuba four or five times a year and is contacted by a station case officer after each visit. An operation, presently under development, is aimed at exploiting the presence of a religious order. A recruited agent will be in the high levels of the Mission. It is expected that the Mission will have secure communications facilities as in the case in other countries. Primary control, however, will be maintained by Mexico City Station through contact with the agent each time he travels to Mexico City from Havana.

9. A major objective of station operations is the recruitment of personnel in the Cuban Embassy. There are about 20 Cubans on the embassy staff of whom six are believed to be members of the Cuban Intelligence Service. As with operations directed against the Soviet Embassy, heavy reliance is placed upon surveillance through telephone, photo, physical, and audio operations as well as on access agents. The effort has been rewarded with some success (albeit limited. One official has been recruited, but his value is generally low due to lack of access to information of prime importance and to a reluctance to accept operational assignments. A Mexican woman employee in the embassy is also a station agent, but she has no access to classified documents and provides only meager information.) A recruitment pitch to another officer was unsuccessful and he was subsequently recalled to Cuba. Through station efforts a "hot mike" was successfully placed in a key office. Unfortunately, the target officer moved, and his old office is now being occupied by an officer of lesser potential, who is the supervisor of the recruited officer. This audio device is at the moment of little value except to provide an excellent check of the agent's activities.

98 10. As might be expected, Mexico City has a constant stream of refugees from Cuba, estimated at about 350 per month. Through an American contract agent the station runs the Cuban Refugee Reception and Orientation Center which screens refugees for possible

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98 operational leads and debriefs those with information of intelligence value. Heretofore this project has suffered from lack of adequate facilities and trained personnel. Only 29 positive intelligence reports were disseminated by Headquarters during the past year. It is planned to correct these deficiencies and expand capabilities to the end that the intelligence product will be improved and the operational leads increased. An experienced officer from the JMWAVE refugee center has been detailed to the station to assist in training the personnel there.

24 11. The station's Cuban case officers must devote a substantial effort to responding to requests for support from other stations, chiefly JMWAVE, with involvement in Cuban operations. Approximately 47 per cent of the station's cable traffic is concerned with Cuban operations. This volume alone is testimony to the relative effort which must be devoted to the support of Cuban operations originating in other CIA stations. The Cuban case officers in Mexico City feel that the requirements to keep abreast of day to day activities and to handle the volume of paper left insufficient time for planning and development of an effective station operational program.

open 12. Operations are being conducted against the Cuban Embassy, and the results, while limited, are as satisfactory as may be expected in view of the target. Given Mexico City's strategic location astride the only direct air link to Cuba, more success should be achieved in recruiting agents in place in Cuba. This target has been assigned as Priority 1 to many Latin American countries and, if it is to be achieved at all, it is logical to expect that it will be done in Mexico City. To the extent possible, the Cuban case officers should be freed from the excessive support to other stations so they can concentrate on this target. The Chief, WH Division, should direct other stations to carefully screen Cuban requirements on Mexico City, with a view toward reduction of such requirements. 24

98 It is recommended that:

No. 67

The Chief, WH Division:

- a. Instruct the Chief of Station, Mexico City, to concentrate Cuban case officer efforts on developing agent assets resident in Cuba; and,

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evidence that the ambassador would strongly object to Agency support for IISE propaganda activities. In addition, of a total annual budget of \$16,000, \$6,000 goes for the salary of a U.S. businessman cutout (LIRUFF-1) while \$6,000 goes to the support of MERO and \$4,000 to support other activities of the IISE. This is an inordinately high sum for the services of a cutout in proportion to the total cost of the proposed project. These points, taken together, constitute a valid basis for terminating operations in connection with LIRUFF.

It is recommended that:

No. 70

The Chief, WH Division, disapprove the proposal of Chief of Station, Mexico, for Project LIRUFF and direct him to terminate operations in connection therewith.

18. The station has a highly successful project directed at the rural and peasant targets. The principal agent is a **Catholic priest** through whose efforts an extensive network of regional organizations have been established including youth groups, credit unions, agricultural co-ops and peasant unions. **Some 26 regional centers of the Mexican Institute for Social Studies, a project mechanism, have been set up and 12,000 people were enrolled in special training courses during the year. This operation is now largely self-sufficient but the station should continue to give it support and direction. The project shows promise of expanding into Guatemala where the Archbishop of Guatemala has asked for assistance and training to set up a similar organization. In view of the present lack of Agency-sponsored peasant projects in Guatemala, every effort should be made to exploit this possibility.**

It is recommended that:

No. 71

The Chief, WH Division, expand Project LIRUFF to include assistance in establishing a similar covert action project targeted on peasant groups in Guatemala.

Soviet Operations

19. Mexico is one of the four Latin American countries which maintain diplomatic relations with the Soviet Union thereby permitting the establishment of diplomatic installations in these

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number one priority of Soviet operations here as elsewhere in the world.

98 21. The station is seeking to supplement its collection through technical means with a program to acquire at least one access agent for each member of the Soviet Embassy staff. These access agents serve two purposes: first, they provide additional information on the activities and personalities of those with whom they are in contact; and second, they afford a channel for "getting at" a Soviet individual should it be found advantageous to bring some sort of recruitment pressure to bear on him. Consideration is now being given by the station to expanding the effort to recruit Mexican nationals who are known, through technical collection sources, to have been in touch with the Soviets on intelligence missions and to work through them to develop information on Soviet clandestine activities. Additional case officer strength will be needed if this approach is to be effective.

22. The station currently has six double-agent operations. Like most such cases they move slowly. The chief purpose in running these operations is to direct the agents into the U.S. where, in cooperation with the FBI, they might be used to identify Soviet illegals. Three of these double agents have all received intelligence assignments from the Soviets of an as yet undefined nature in the U.S. Another appears destined for some Soviet assignment in the Philippines. Since the Soviets have no official representation in the Philippines, it is hoped that this agent may be put in touch with illegals. Still another is considered a poor double agent operation by the station, but shows some promise of developing into a penetration of the Mexican Foreign Ministry. The sixth is rated very low as a station operation, and is being continued only at the specific request of the U.S. Army. The station's technical collection assets provide a useful means for checking these double agents in their contacts with the Soviets.

23. To evaluate properly the Soviet operations at Mexico City, which rely heavily on expensive technical collection devices, would involve a basic assessment of the whole concept of Soviet operations, which is beyond the scope of this report. Despite the exploitation of material collected by technical means for over ten years at the station, the primary objective of recruiting a Soviet national has not been achieved. Although the station's knowledge of Soviet intelligence activities centered about the Embassy in Mexico City has been greatly widened, it has led to little positive

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responsible to control from the female operations officer who has recently been transferred to LILINK control. It is possible that this operation will be transferred to a covert action project, where some improvement is expected.

98 41. The station has a unilateral physical surveillance team, five of whom have been on the team for more than three years. Only one case of trouble has shown up in this project. One agent had ~~gone~~ terminated because he talked too much and tried to blackmail his case officer. The use of the polygraph has been most effective in control of this team, which has been generally effective.

#### Technical Operations

42. The station is heavily committed in the technical field with a large audio operation run jointly with the Mexican Government (LIXVOY), as well as a unilateral audio operation (LIFEAT). The station has been imaginative in approaches to problems and willing to examine and experiment with the unusual. An example of this is the communications link between the station and the principal agent of LILINK, which will be discussed later. 24

43. The LIXVOY operation, previously mentioned in connection with Soviet operations, resulted from an approach six years ago from President Lopez Mateos. After considerable discussions, the operation was approved, providing the Mexican Government would include Soviet and Satellite targets, and such other communist targets as were obvious to the Mexican Government to be of concern to the United States. This project is manned by selected Mexican Army personnel, who are carefully screened and paid high incentive wages, reducing their vulnerability to bribery. Other privileges add to the high esprit de corps essential to such an operation. The unit is managed by a career agent who transmits the take regularly to the station by clandestine means. This project has been fruitful in intelligence reports and has been of value in operational leads and in CE/CI information. The project also has a visual surveillance and a photo-surveillance capability. It was this project which provided data on the actions of Lee Harvey Oswald in his famous visit to Mexico City. 24

98 44. Obviously, the station cannot be content to have the Mexican Government knowledgeable of all its anti-communist operations. Therefore, the station has continued its unilateral audio

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