

## SECRET

23 October 1958

MEMORANDUM FOR: CWH

SUBJECT : Development of Physical Surveillance Assets in Mexico

REFERENCE : WH/FI Memorandum of 14 October 1958

1. The subject of the recruitment of a physical surveillance team in the United States for use in Mexico as well as other areas within WH has long been a topic of discussion at Headquarters. While it is palpably ridiculous to consider the use of a surveillance team recruited and trained in the United States and based in Mexico, operationally in other areas in Latin America, there is some merit, at least in theory, to the proposal in 2a of reference. Although one of the basic factors in the make-up of any surveillance team is that its members must be indigenous to the area of operation, it would be possible to recruit such a team as suggested in 2a and use this team in Mexico. However, I believe this would be time-consuming and very expensive for the following reasons:

a. Machine runs have already been made to spot candidates within the Agency of the Mexican/American type for the LIMESA/LIMUST project, with negative results.

b. In order to make it attractive to young men of the caliber desired, we would have to offer some kind of a career with a starting salary of somewhere between the GS 7 and GS 9 level, plus travel and allowances. Without attempting to even estimate this cost one can see that the figures for a team of fifteen would run into six digits.

c. It would take a minimum of three months for a recruiter to move into the southwest area and spot, contact, develop and recruit a team of fifteen.

d. Once a team of suitable candidates was recruited, it would then take a minimum of another three months to train these candidates in basic trade craft and surveillance techniques.

e. Upon completion of the training period, the candidates would have to be moved individually into the area of operation to become familiar with this area, the language, people, and atmosphere in general, etc. This would take another three months minimum.

f. After completion of the area familiarization period, the team would have to be assembled and put through various surveillance exercises as a unit to check them out prior to actual operation.

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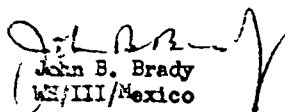
- 2 -

g. There would be other problems confronting such a team from a security standpoint, such as cover, credentials, which would always pose a threat to the operation.

2. To sum up, it would appear that the proposal in 2a of reference is not feasible because of the time and expense involved plus the always latent security hazard.

3. I agree with paragraph 2 b of reference. Not only should the personnel of the surveillance team be recruited at the station, but as outlined in paragraph 3 it should be relatively easy to find suitable candidates. For example it is proposed under the new LIEMPTY project (this consists of the remainder of the non-blown LIPSTICKs and the LIJERSEYs) to recruit a physical surveillance team. Two of the station's outstanding indigenous agents, Scantling and Gerende, are under this project and both are capable of spotting, developing, and recruiting agents.

4. I agree with paragraph 3b, c, and d, and believe that Headquarters should make every effort to find an experienced and competent case officer to fill Clower's slot as the outside surveillance case officer.

  
John B. Brady  
WS/III/Mexico

**SECRET**

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14 October 1958

MEMORANDUM FOR: CWH

SUBJECT: Development of Physical Surveillance Assets in Mexico

1. On 8 October 1958 a meeting of representatives of SR Division and CI Staff was held, attended by the undersigned, to discuss means for building up physical surveillance assets in Mexico. The SR and CI representatives pointed out that their current and projected work on BGMORNING and their cases requires a considerable strengthening of physical surveillance assets, and it was the consensus that these assets would be used far into the future on Soviet targets. It was further agreed that since the LIPSTICK operation has encountered difficulties this year, new assets should be sought.

2. Various approaches to the problem were discussed, the most viable of which were as follows:

a. Recruiting of teams or basic elements for teams in the Mexican colonies of the southwestern U. S.

b. Dispatch of a new case officer to Mexico with the sole and specific duty of developing and running the new teams.

c. A combination of a and b.

3. Initially, it is believed the dispatch of a new case officer to Mexico would be the most successful and give the best immediate results, for the following reasons:

a. Headquarters and Station records contain the names of numerous cleared contacts or contacts who could be cleared and through whom introductions could be made to persons suitable for surveillance work. Hitherto these have not been fully exploited owing to the heavy workload on Station personnel and the unimpaired functioning till recently of the LIPSTICK group. Some of these contacts were felt out as recruiters and spotters in years past but the matter was never pushed since the need was not so great as now.

b. A new case officer is needed because the present Station staff is still too busy to devote the amount of time needed to build carefully and train thoroughly the new assets.

c. The new assets will require the full time direction and coordination of a case officer who has no other responsibilities. In this connection, it would be advisable to try to select, train and utilize at least twelve new agents as soon as possible.

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d. In brief, a replacement of the former physical surveillance leader is indicated, but a more mature and competent case officer is needed.

4. Plan a, recruitment in the U. S., should not be dismissed from consideration. It would take longer than the other plan but might be beneficial in enabling the new agents to be trained in the U. S. They would then have to spend time getting into Mexico and familiarize themselves with operations and operational climate there. This plan, however, presents a problem as to who is to do the recruiting and training in the U. S. SR Division has offered to be of whatever assistance they can, but there is no indication they could do any better at this than WHD.

5. It may be of interest to you to know that the SR representatives said the best work done anywhere in the world on the BOMORNING case, which has wide international ramifications, was done by LIKAYAK-2 in Mexico.

*Charles W. Anderson*  
CHARLES W. ANDERSON  
WH/FI

Distribution:

Orig & 1 cc - CWH  
2 cc - WH/FI

4. EQUIPMENT: 1 QP auto  
Photographic Equipment
5. PROJECT ACTIONS: First approved in 1958, the FY 1971  
Renewal Request was submitted in April 1970.
6. COST:

<u>FY</u>	<u>APPROVALS</u>
1966	\$45,300
1967	41,500
1968	45,000
1969	43,500
1970	49,463 (Estimated Obligation)
1971	23,635 (Request)

SUMMARY OF CURRENT PROJECT COSTS: FY 1970

Salaries and Bonuses	\$40,580.00
Real Estate, Utilities and Rent	6,188.00
Car Maintenance	1,200.00
Property Maintenance and Replacement	500.00
Supplies	<u>1,000.00</u>
TOTAL	\$49,468.00

**SECRET**  
(When Filled In)

**UNINDEXED DOCUMENT**

NOTE: Desk assistance for this document cannot be made until it is returned to RI

ANALYST <i>Dusty Rhoad</i> X-8569	DOCUMENT NO. HMMA-11263 DOCUMENT DATE 8 Oct 57
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INSTRUCTIONS: Desk assistance is required to index the attached document for the reason(s) checked below. Please take the required action, checking the appropriate block(s) under desk comments below, and return to RI/AN within three (3) working days from date of receipt. You may retain one carbon for a working copy pending return of the processed document. If exceptional circumstances make it impossible to meet the deadline, call the analyst whose name appears above to arrange an alternate due date.

**REQUIREMENTS**

ORIGINATOR REQUESTS REVIEW FOR INDEXING BY HEADQUARTERS DESK		REQUIRES TRANSLATION OR TRANSLITERATION	
REQUIRES		REQUIRES 201 NUMBER OF CRYPTONYM	
201	PROJECT	CASE FILE BE OPENED	SUSPENSE DATE 14 Oct 57

OTHER (Specify)

TO	ROOM NO.	DATE		OFFICER'S INITIALS	COMMENTS
		RECEIVED	FORWARDED		
1. WH/S/MEX				<i>2</i>	<b>Copy Detached</b> Please indicate RI file # for this dispatch & return to RI/AN. If HMMA-11257 has not been classified, please return it also to RI/AN for processing. <i>30-6-74</i> <i>Free Library</i>
2. attn. C. Zehring					
3.					
4. RI/AN					
5. RI/AN					

DESK COMMENTS: *30-6-74*  
*Free Library*

MARKED FOR INDEXING NO INDEXING NEEDED FILE OPENED AS NUMBER	TRANSLATED OR TRANSLITERATED 201 NUMBER OF CRYPTONYM IS
--	--

MAINTAINED IN SECTION

OCT 14 15 25 28

DATE: SIGNATURE OF DESK: *MAINTAINED*

<b>DISPATCH</b>		CLASSIFICATION <b>SECRET</b>	DISPATCH SYMBOL AND NO. <b>HM-A-11263</b>
TO INFO	Chief, WH Division		HEADQUARTERS FILE NO. <b>50-6- /1</b>
FROM	Chief of Station, Mexico City		DATE <b>8 October 1958</b>
SUBJECT	Operational/Assignment of Cryptonym		RE "43-3" - (CHECK "X" ONE) <input type="checkbox"/> MARKED FOR INDEXING <input checked="" type="checkbox"/> NO INDEXING REQUIRED <input type="checkbox"/> INDEXING CAN BE JUDGED BY QUALIFIED HQ DESK ONLY
ACTION REQUIRED	None		
REFERENCE(S)	<p><b>HM-A-11257</b></p> <p><i>EMPTY</i></p> <p>Cryptonym number 476 has been assigned to the project outline forwarded as an attachment to the referenced dispatch.</p> <p><i>Willard C. Curtis</i> <b>Willard C. CURTIS</b></p> <p><i>QNO/cps</i></p> <p>7 October 1958</p> <p>Distribution: 3 - Hqs 2 - Files</p>		
FORM 53 10-53		USE PREVIOUS EDITION REPLACES FORMS 51-28, 51-28A AND 51-29 WHICH ARE OBSOLETE	CLASSIFICATION <b>SECRET</b> <input type="checkbox"/> CONTINUED

UNCLASSIFIED

CONFIDENTIAL

SECRET

## ROUTING AND RECORD SHEET

INSTRUCTIONS: Officer designations should be used in the "TO" column. Under each comment a line should be drawn across sheet and each comment numbered to correspond with the number in the "TO" column. Each officer should initial (check mark insufficient) before further routing. This Routing and Record Sheet should be returned to Registry.

FROM: <i>WH/III</i>				TELEPHONE NO.	<i>ADMA-A-3923</i>
				DATE	<i>16 Jan 56</i>
TO	ROOM NO.	DATE		OFFICER'S INITIALS	TELEPHONE
		REC'D	FWD'D		COMMENTS
1. <i>Condon</i>		<i>24 Jan 56</i>	<i>mpc</i>		<i>cc det. for LIPSTICK/LICALLA.</i>
2. <i>Green</i>		<i>25 Jan 56</i>	<i>42</i>		<i>KAPUK</i>
3. <i>Grady</i>		<i>25 Jan 56</i>	<i>JB</i>		<i># 3+7 require answers.</i>
4. <i>Shaw</i>		<i>24 Jan 56</i>	<i>JB</i>		<i>Cable approval request in P-7 sent 7/2</i>
5. <i>FLYNN</i>				<i>gr</i>	<i>BY HAND</i>
6. <i>MARELIUS</i>				<i>Concluded</i>	<i>Copy det.</i>
7. <i>STD/Harter</i>	<i>1501</i>	<i>7/8/56</i>	<i>7/8/56</i>	<i>Post</i>	<i>8054</i>
8. <i>CI/OPS</i>	<i>1604</i>			<i>und.</i>	<i>Exp</i>
9. <i>SR/CE</i>	<i>2052</i>			<i>5/6/57</i>	<i>lv</i>
10.					
11.					
12.					
13.					
14. <i>WH/Adm</i>	<i>1026</i>			<i>22 Nov 1957</i>	<i>JS</i>
15. <i>WH/III</i>	<i>B.H.</i>				
16. <i>GRADY</i>					

FORM NO. 610

1 APR 55

REPLACES FORM SI-10 WHICH MAY BE USED

SECRET

CONFIDENTIAL

UNCLASSIFIED

U. S. GOVERNMENT PRINTING OFFICE 15-61155-6

(40)



VIA AIR  
(Specify Air or Sea Route)

DISPATCH NO. HM-1-A-3992  
KAPOK-492

**SECRET**

OFFICER STAMP

TO Chief, WHD  
FROM Chief of Station, Mexico

The following is authorized:  
16 January 1956

SUBJECT GENERAL Operational  
SPECIFIC LIPSTICK/LICALLA

Signed: Gloria Turner  
R.O. #CSO - Unit 4411/R

REF: a. MEXI 360; b. DIR 38861

Note: If destruction, cite reasons and coordinate if appropriate.

1. On 16 December 1955 the daily check of property which this Station may desire to use for operational purposes (LICOOL run) showed that a house adjacent to the LIMERICK target installation was vacant. LIPSTICK-19 was contacted immediately to investigate the property. He reported that it was a one-story house (duplex) in very poor condition which was being repaired by the owner for rental. He further reported that from the maid's room on the roof a clear view of the entire LIMERICK compound was possible and, if he had understood the LIMERICK language, he would have been able to understand several conversations which were going on between LIMERICK officers in the game area of the compound. LIPSTICK-19 also reported that from the roof of this house it was a distance of only approximately fifty feet to the LIMERICK building across flat roofs with no obstructing partitions except for a small wall and several strands of barbed wire, all totalling about four or five feet high between the last roof and the LIMERICK building.

2. Based upon this favorable report, reference A was sent immediately to Headquarters requesting authorization to rent the house. Two days later reference B was received granting approval to rent the house. Consequently, LIPSTICK-21 (the only cleared married man available to the Station, with the exception of LIBERTY, who would fit into the area) was approached and requested to rent the house. This posed a considerable problem to LIPSTICK-21, since the house has only two bedrooms and he already had two children, and at that very time his wife was in the hospital giving birth to a third child. Further, he had a very comfortable house (a duplex which he shared with his brother-in-law at a pre-devaluation rent) which he would never be able to again acquire after this operation was terminated. He did, however, agree to take the house and it was

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JUN 1949

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apparent to all concerned that his decision was based upon loyalty to this Station and dedication to the fight against Communism. It is hoped that this unselfish and devoted act of LIPSTICK-21's will be made a matter of permanent record.

3. The reason for LIPSTICK-21 to move from very comfortable quarters at less rent into cramped quarters at a higher rental needed some explanation for his friends and relatives. There is a very fine private school approximately one block from this house which LIPSTICK-21 had often mentioned as the best in the city for his children, and consequently he told everyone that the reason for moving was to be as close as possible to this school so that his children could attend. It should be noted in this respect that, in reality, LIPSTICK-21 had been sending his children to one of the best public schools in Mexico City at no cost. Under the present circumstances, he will have to pay tuition at the private school because it is the only decent school in the area and it provides excellent cover for his residence in the area. It is requested that Headquarters authorize this Station to assist LIPSTICK-21 in the payment of his children's tuition for the above stated reasons. Approximate cost of the tuition would be \$20.00 U.S. per child per month, or a total for LIPSTICK-21 of \$10.00 US per month. Authorization is requested to assist LIPSTICK-21 by payment of \$30.00 U.S. per month.

4. The house is one of a series of one-story houses that extend from the LIMERICK building to a four-story apartment building on the far corner. The fronts of the houses are all directly on the sidewalk with the doors opening onto a one-step stoop. The backs of the houses and the walls of the back patios all about the compound of the LIMERICK installation. The rear windows of the house face a patio which ends in a brick wall. This brick wall is not as high as the roof of the house, ending about four feet below the level of the roof. There are stairs which ascend from this patio to the roof where the maid's quarters are situated. About halfway up these stairs one can turn and obtain an unrestricted view of the LIMERICK compound. However, the maid's room offers the best operational possibilities since it provides concealment for the observer and his equipment, plus a more advantageous view. LIPSTICK-21 told his maid that she would have to sleep out at a local pension since he needed her room for his radio experiments. This is a plausible story since LIPSTICK-21 is known to be an enthusiastic radio amateur.

5. The maid's room has a door that faces across the roofs in the direction of the LIMERICK installation and one window which faces across the house roof toward the street. A view of the LIMERICK compound is obtained by an observer who is back in the room looking through the partly opened door. Some better method of observation will be worked out which will eliminate the security hazard of a door partially opened at all times of operation.

~~SECRET~~

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16 January 1956  
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6. At present we plan to allow LIPSTICK-21 considerable time to get settled securely into his new quarters before starting any operational efforts. After this waiting period is over and we feel that we can securely commence operations, we plan on using the base for the following efforts:

- a. A supplementary photographic base. In this connection the request for additional Exactas and spotting scopes previously made should be expedited. It is anticipated that much operational information will be developed by this photographic work showing the various associations between the people when they are at play in the compound which can never be determined from the LIPSTICK-LIMITED coverage. Visitors who seldom leave the compound do engage in social activity within the compound and can be photographed for possible identification by the AEDIPPSRS. Items which are loaded into the automobiles for transportation to unknown points may be identified through this coverage. Further, should LIPSTICK/LIMITED be terminated for any reason, we would be able to continue some coverage from this base.
- b. Observation by LIPSTICK-21 of the buildings and the activities in the compound will furnish valuable information on the daily living habits of the residents and their guests.
- c. The LIPSTICK/LIDOMINO base, presently being occupied by LINCH-FIN, is about 75 yards away from the LIMERICK target while LIPSTICK/LICALLA is only about fifty feet. This base may assist the Headquarters technicians, who periodically use the LIPSTICK/LIDOMINO base, for reasons of proximity and the use of their equipment from a different direction. The exact use of the LIPSTICK/LICALLA base in this respect must be determined by the Headquarters technicians who are familiar with the equipment used.
- d. Conversations in the LIMERICK compound are audible to someone who is listening from the maid's room. Naturally street noises and extraneous sounds interfere considerably with this eavesdropping so that the employment of some parabolic microphone and recorder must be used for optimum results.
- e. Should future operations provide the opportunity to install a transmitter microphone (resonant cavity) in some item carried into the LIMERICK target, LIPSTICK/LICALLA would serve as an excellent base since it has direct line of sight to the back of the LIMERICK target.

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**SECRET** / ~~SECRET~~

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f. Preliminary investigation reveals that the possibility does exist that physical access may be obtained to the LIMERICK target from LIPSTICK/LICALIA. This investigation will be intensified and a full report, together with available photographs, will be sent to Headquarters for study by FEARSON and NILES as to the feasibility of this type of operation.

7. As stated in paragraphs two and three above, LIPSTICK-21 has undergone considerable personal sacrifice to accommodate this Station in this operation. It has always been the practice to pay a base house operator a starting salary of approximately \$120.00 U.S. per month, since the work of operating a base house is almost full-time. LIPSTICK-21 now earns \$64.00 U.S. for work of approximately four hours per day. It is therefore requested that this Station be authorized by cable to increase the salary of LIPSTICK-21 to \$120.00 U.S. per month.

*Matthew S. Dingley*  
Matthew S. DINGLEY

Distribution:

3 - Wash  
2 - Files

MSD/gfb

**SECRET** / ~~SECRET~~

46-6-143

SECRET

(WHEN FILED IN)

FROM: (Headquarters component)		SUBJECT AND PROJECT FILE REQUEST AND FIELD NOTIFICATION OF ACTION	
TO : WH			
TO : (Station/Base)		FROM: (Division)	
INFORMATION FOR REQUESTERS			
COMPLETE ITEMS 1 THROUGH 12 ITEM 3-ALL FILE TITLES MUST BE STERILE SINCE THEY WILL APPEAR ON THE FIELD COPIES AND ON MACHINE LISTS ITEM 6-ALL REMARKS MUST BE STERILE. ITEM 7 AND 8-USE FIRST THREE LETTERS OF DISPATCH SYM- BOLS FOR FIELD STATIONS AND LIST HEADQUARTERS ELE- MENTS ACCORDING TO ESTABLISHED NUMERIC CODES		ITEM 10-ENTER OLD TITLE WHEN AMENDING A TITLE. CITE ANY FILES, SUCH AS 201 OR PROJECT FILES THAT ARE RE- LATED TO THE FILE COVERED BY THIS REQUEST. ITEM 10 MAY ALSO BE USED TO GIVE REASONS FOR THE ACTION BEING RE- QUESTED TO IDENTIFY THE TYPE OF MATERIAL TO BE PLACED IN A FILE OR TO MAKE OTHER EXPLANATORY REMARKS. ITEM 11-A RECORDS OFFICER MUST SIGN ALL FILE ACTION RE- QUESTS. CONSULT YOUR RMO ON ANY PROBLEMS THAT ARISE	
INFORMATION CONCERNING FILE			
1. TYPE OF FILE	2. COUNTRY NUMBER	CODE (FILE) NUMBER CATEGORY NUMBER	SPECIFIC SUBJECT NUMBER
<input type="checkbox"/> SUBJECT <input checked="" type="checkbox"/> PROJECT	50	6	74/03
3. FILE TITLE (SPECIFIC SUBJECT) (PROJECTS LIMITED TO 15 SPACES)			
KDFACTOR			
ACTION REQUIRED			
4. ANALYSIS ACTION		5. DISPOSITION	
<input type="checkbox"/> OPEN FILE <input type="checkbox"/> CLOSE FILE (INDICATE DISPOSITION) <input checked="" type="checkbox"/> AMEND FILE TITLE <input type="checkbox"/> REOPEN		<input type="checkbox"/> RETAIN <input type="checkbox"/> DESTRUCTION RECOMMENDED THRU (DATE)	
6. REMARKS (FOR FIELD DISTRIBUTION)			
FORMERLY LIEMPTV			
7. INTERESTED STATIONS (PROJECTS ONLY)		8. INTERESTED HEADQUARTERS DESK (LIST ACTION DESK FIRST)	
HMM		50	
9. FILES ACTION			
<input type="checkbox"/> HOLD IN CS FILES	<input type="checkbox"/> RESTRICTED	<input type="checkbox"/> UNRESTRICTED	<input type="checkbox"/> CHARGE PERMANENTLY TO (OFFICER & DESK)
10. COMMENTS (INCLUDE SPECIAL HEADQUARTERS ROUTING INSTRUCTIONS)			
11. ENDORSEMENT SIGNATURE OF BRANCH/DESK R O.		12. COORDINATION SIGNATURE OF BRANCH/DESK R O (WHEN APPLICABLE)	
		13. RID APPROVAL REQUEST APPROVED BY <i>Louis W. Liemstrong</i> 3/11/64	
EFFECTIVE DATE		CODE (FILE) NUMBER	
		050	006 074/03

SECRET  
(When Filled In)

CASE FILE REQUEST					
TO: RI/ANALYSIS SECTION				DATE <b>21 October 1958</b>	
FROM: (Requester Name) <b>Charlotte Gehring</b>		COMPONENT <b>WH</b>	BUILDING <b>Parton</b>	ROOM NO. <b>2120</b>	TELEPHONE <b>2758</b>
1. CASE TITLE  <b>LIBERTY Operations</b>		4. ACTION REQUESTED <input type="checkbox"/> OPEN FILE AS INDICATED. <input checked="" type="checkbox"/> AMEND FILE AS INDICATED. <input type="checkbox"/> CLOSE FILE <input checked="" type="checkbox"/> RESTRICT FILE TO (DESK). <b>WH/III/Mexico</b> <input checked="" type="checkbox"/> PERMANENT CHARGEOUT TO (DESK). <b>WH/III/Mexico</b> <input type="checkbox"/> PREPARE FILE FOLDERS AND SEND TO REQUESTER.			
2. COUNTRY AND NUMBER  <b>50 (Mexico)</b>	3. CATEGORY AND NUMBER  <b>6 Operational</b>		5. COMMENTS: (Include brief description of file or project)  <b>Photo and physical surveillance coverage and support for station.</b>		
6. FOR RI USE ONLY					
<div style="display: flex; align-items: flex-start;"> <div style="border: 1px solid black; padding: 5px; width: 25%;">           1. PROJECT STATUS            2. FIELD STATION(S)            _____            _____            3. REQRS. COMPONENT(S)            _____            _____         </div> <div style="margin-left: 20px; text-align: center; font-size: 4em; opacity: 0.3; transform: rotate(-15deg);">           RECORD COPY         </div> </div>					
7. ENDORSEMENT THIS REQUEST SATISFIES RECORDS REQUIREMENTS.  <b>C. Gehring</b> RI ANALYSIS			8. APPROVAL REQUEST APPROVED  <b>RONALD B. HANCOCK</b> FOR CHIEF RI		
EFFECTIVE DATE  <b>29 October 1958</b>			RI CASE TITLE NUMBER  <b>71/5</b>		

**S E C R E T**

**Asesor-Videla, Juan**

☐ INDEX  
☐ NO INDEX

October 1984

☒ FILE IN CS FILE NO. 50-8-74/3

# Lex100

**DIRECTOR**

WH 8

☐ DESTROY  
☐ RETURN TO BRAND  
☐ FILE

23 OCT 64 20 39 Z

**SIG CEN**

PRO 587 PG 2, C2/OA, C2/OA, VR, FILE

**MEXI**

**LI KMOPTY**

REF: MEXI 1307 (IN 96996)\*

1. HDQS AGREES IN PRINCIPLE THAT LIMITED BLDG SHOULD BE RAZED RATHER THAN REPAIRED. YOUR PARA THREE PROPOSAL OF COMMERCIAL INCOME NETTING VENTURE WOULD IMMEDIATELY MAKE THIS ASPECT OF LIEMPTY A PROPRIETARY WITH ATTENDANT SPECIAL ADMIN HANDLING. UNLESS THERE ARE OVERRIDING SECURITY AND OPS CONSIDERATIONS WE PREFER NOT DO THIS. HOWEVER IF FINAL DECISION IS TO BUILD STORE AND TWO APARTMENTS, HDQS SUGGESTS LIMITED BE MADE SEPARATE (FROM LIEMPTY) PROPRIETARY SUPPORT PROJ IN ORDER REDUCE CONFUSION OF TWO TYPES ACCOUNTING UNDER ONE PROJ.

2. HDQS STRONGLY BELIEVES PREFERABLE SOLUTION WOULD BE MERELY REBUILD HOUSE ON SAME LAND FOR OCCUPANCY BASEHOUSE KEEPER. THIS WILL NOT INVOLVE PROPRIETARY. ALSO WOULD BE MORE SECURE FROM STANDPOINT SOV COUNTERMEASURES.

3. ALTERNATE SOLUTION IS SELL LIMITED PROPERTY TO LIMOUHINE AT FAIR MARKET VALUE DETERMINED BY INDEPENDENT APPRAISAL WITH UNDERSTANDING HE BUILD AN APARTMENT ON SECOND FLOOR WHICH HE WILL LET US ON LONG TERM LEASE.

**EXEX CONTINUED.....**

RELEASING OFFICER

**COORDINATING OFFICERS:**

**S E C R E T**

**GOULD**

Excluded from automatic  
downgrading and  
declassification

**AUTHENTICATING  
OFFICE**

1389a

ORIG. C. Bustos-Vidola:jah

UNIT :

EXT :

DATE :

☐ INDEX

☐ NO INDEX

☐ FILE IN CI FILE NO.

MESSAGE FORM

SECRET

ROUTING

1	3
2	4
3	7
4	8

TO :

NEW 13 7 21 AM '54

FROM: DIRECTOR

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COM:

000

TO :

000

000

56997

4. BLUEPRINTS FOR ANY BUILDING TO BE CONSTRUCTED WITH SUBARK FUNDS MUST RECEIVE HQS APPROVAL. THIS APPROVAL AND PROJ AGREEMENT MUST BE OBTAINED PRIOR TO ANY COMMITMENT FUNDS. ESTIMATED TIME FOR TOTAL APPROVAL AFTER RECEIPT PLANS IS HOPEFULLY TWO MONTHS. THE HOUSE SHOULD NOT BE RAZED UNTIL APPROVAL GRANTED.

END OF MESSAGE

WH Comment: PLIMITED photo basehouse which we purchased 1953 is deteriorating and Station suggests raise building and rebuild with store on 1st floor and two apt's upstairs at cost of \$88,000.

WH/EE Carter (draft)  
SR/C/WH (draft) L. Lyon  
CI/CPS (draft) Overlord  
DUP/PG (draft) Moranda  
WH/YI/Borton (draft)  
C/WH/SS/Brooks (draft)  
WH/Log/McMahon (draft)

WH/COPS Reed )

W. Hood  
RAUFORD W. HERBERT  
AC/VHD

W. S. KIRKMAN  
C/WH/1

COORDINATING OFFICER

SECRET

INVESTIGATING OFFICER



CLASSIFIED

INTERNAL  
USE ONLY☐ CONFIDENTIAL☒ SECRET

## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

KDFACTOR Project Amendment and Termination

FROM:

*H.E. Mulloy*  
Henry E. Mulloy, WH/1/FI

EXTENSION

NO

1973/  
4167

DATE

26 April 1973

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S  
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

C/WH/1

26

26

*ES*

FY 72 FUNDS AVAILABLE

2.

WH/B&amp;F

26 Apr

27 Apr

*ES*

3.

WH/LOG

27 Apr

*K*

4.

WH/SS

5-73

*ES*

5.

WH/Plans/Erna

1 May

*ES*

6.

~~C/WH/RR~~

7.

~~C/WH/TRS~~

8.

C/WH/FI

1 May

1973

*✓*

9.

C/WH/Plans

15 May

1973

*9/100*

10.

*A* C/WH/D

5/14/73

*SW*

11.

12.

MPS/BG/FI

29 MAY

1973

*ES*

BY HAND

13.

WH/1/FI

14.

15.

FORM  
3-62

610

USE PREVIOUS  
EDITIONS

SECRET



CONFIDENTIAL

INTERNAL  
USE ONLY

UNCLASSIFIED

SECRET

PROJECT APPROVAL NOTIFICATION					
PROJECT <b>KDFACTOR</b>				<input type="checkbox"/> CA <input checked="" type="checkbox"/> FI/CI	
ACTION			COMPONENT		
	NEW PROJECT			DIVISION OR STAFF <b>WH</b>	
<b>X</b>	AMENDMENT <b>No. 2, FY 72</b>			BRANCH <b>WH/1</b>	
	GENERAL <input type="checkbox"/> ANNUAL <input type="checkbox"/> BIENNIAL <input type="checkbox"/>				
<b>X</b>	TERMINATION			DESK <b>Mexico</b>	
	EXTENSION				
	OTHER	CASE OFFICER <b>Henry E. Mulloy</b>		EXTENSION <b>4167</b>	
AUTHORIZATION					
APPROVING AUTHORITY <b>ADDO</b>		DATE APPROVED <b>25 May 1973</b>		AMT THIS ACTION <b>\$ 7,246</b>	
PERIOD OF APPROVAL		FY <b>72</b>		TOTAL FUNDS AUTHORIZATION <b>\$ 30,000</b>	
FROM <b>1 July 1971</b> TO <b>30 June 1972</b>		FINANCIAL CODE SYMBOL <b>2135-1009</b>			
<p style="text-align: center;">CONDITIONS OF APPROVAL</p> <p style="text-align: center;">Amendment No. 2 to Project KDFACTOR approved in the amount of \$7,246, increasing the project's authorization from \$28,844 to a revised total of \$30,000 for FY 72; termination of Project KDFACTOR approved effective 30 June 1972.</p>					
SIGNATURE <b>MPS:BG</b>				DATE <b>20 MAY 1973</b>	
DISTRIBUTION					
1	PPS	DIV. OR STAFF OF OFFICER	1	CASE OFFICER	J
					MPS/BO

14-00000

**SECRET**

22 MAY 1973


**MEMORANDUM FOR: Associate Deputy Director for Operations**  
**THROUGH: MPS/BG**  
**SUBJECT: Amendment and Termination of Project**  
**KDFACTOR**

1. Project KDFACTOR supported a visual and photographic surveillance operation in Mexico City targetted against the Soviet Embassy. Assets included five agents and two basehouse surveillance sites. Termination of this project, effective 30 June 1972, was the result of a security review which revealed that the VWBLANKET principal knew the basic details of the KDFACTOR operations.

2. Agent termination was accomplished without any immediate difficulties; however, continued security will depend on the terminated agents' silence. In the event there is a compromise, the risk of damage to the Station's relations with the Mexican Government should be minimized because of the compatible nature of KDFACTOR's operations.

3. The ADDO approved Amendment No. 1 to the project in the amount of \$9,844 for FY 1972 to provide for the agent terminations, but an overrun of \$7,246 occurred as the result of miscalculation of termination costs. This project action requests this additional sum of \$7,246 to cover these expenses.

4. The FI Staff recommends approval of this amendment/termination request.

  
L. A. Campbell  
Chief  
Foreign Intelligence

Attachment:  
Project  
Reviewing officer:  
FI/OPS - Stephen Roll

2 IMPDET CL 11/11/73

**SECRET**

WARNING NOTICE  
SENSITIVE INFORMATION  
AND METHODS INVOLVED

SECRET

(When Filled In)

PROJECT ACTION				KDFACTOR			
X	TYPE OF ACTION	NEW PROJECT APPROVAL	DIVISION	Western Hemisphere Division			
	AMENDMENT NO. 2	FIELD STATION	Mexico City				
	RENEWAL FY 19	BRANCH	One	DESK	Mexico		
	EXTENSION	CASE OFF	Henry E. Mulloy		DATE	26 Apr 73	
	TERMINATION	ROOM NO.	3E05	BUILDING	Hqs	TFL. EXT.	RED 1973 BLACK 4167
	CONCURRENCES OF DIVISIONS						
ORGANIZATIONAL ELEMENT	TYPED NAME (and signature)		DATES		MEMO ATTACHED		
			IN	OUT	YES	NO	
C/WH/1	John C. Murray	<i>[Signature]</i>	26 Apr	26 Apr			
C/WH/B&F	John T. Boeck	<i>[Signature]</i>	26 Apr 73	27 Apr			
C/WH/SS	Richard B. Wright	<i>[Signature]</i>		5-1-73		✓	
C/WH/FI	Robert D. Wiecha	<i>[Signature]</i>		14 May 73			
C/WH/Plans	John H. Wilson						
A/C/WHD	James E. Flannery	<i>[Signature]</i>	5-14-73			✓	
CONCURRENCES OF OTHER COMPONENTS							
(Type in Organizational Element and Name Below Only When Concurrence Obtained by Originating Element.)			DATES		MEMO ATTACHED		
			IN	OUT	YES	NO	
FI Staff	<i>[Signature]</i>			22 May 73	X		
CI Staff	/s/ Frank W. Hughes			22 May 73		X	
C/CCS/PRG	/s/ Gale W. Allen			21 May 73		X	
<div style="border: 1px solid black; padding: 5px; display: inline-block;">           ALL FUTURE ACTIONS ON THIS PROJECT APPROVED BY ID 100 100/0         </div>							
A/C/MPS/BG	<i>[Signature]</i>		24 May 73	24 May 73		X	
APPROVAL							
FROM	PERIOD	TO	AMT THIS ACTION	FY	TOTAL FUNDS AUTHORIZATION		
1 July 71		30 June 72	\$ 7,246	19 19 72	\$36,090		
APPROVING AUTHORITY			SIGNATURE		DATE		
ADDO			<i>[Signature]</i>		25 May 1973		

SECRET

MEMORANDUM FOR: Associate Deputy Director  
For Operations

SUBJECT : Project KDFACTOR - Amendment  
and Termination Request.

1. The KDFACTOR Project (until 1970 encrypted as the LIEMPTI Project) was initially approved in 1958 to provide financial and material support for visual and photographic surveillance operations targetted against the Soviet Embassy in Mexico City. In June 1972 the project supported five agents and two basehouse surveillance sites.

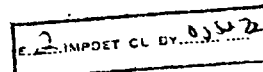
2. The KDFACTOR Project was approved by the ADDO in the amount of \$19,000 for FY - 72 and \$20,000 for FY - 73. Per DIRECTOR 285255, dated 30 June 1972, the ADDO approved Amendment No. 1 to the KDFACTOR Project in the amount of \$9,844 for FY - 72 to provide for costs of agent terminations.

3. The decision to terminate all agents and facilities under the KDFACTOR Project was based on a security review of the project activities which indicated that the VWBLANKET principal knew the basic details of the KDFACTOR operations, including the target, the location of the surveillance sites, and probably the true names and former cryptonyms of the agents covered by the project.

4. The cost of terminating the agents under the KDFACTOR Project amounted to \$15,573; the cost of closing down the two basehouses under the project was \$1,412. The total amount charged to the KDFACTOR Project in FY 72 was \$36,090 which is \$7,246 over the approved authorization of \$28,844. The overage was incurred in terminating the agents and facilities associated with the KDFACTOR Project. Although Amendment No. 1 to the project was approved in the amount of \$9,844 to cover the cost of terminating the agents in the

10 Apr 73

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project, the actual payments made by Mexico City Station per the terms of each Memorandum of Oral Commitment (MOC) and in accordance with Mexican law and custom exceeded the estimate for termination costs made by Headquarters at the time the Amendment was requested. Termination payments made to each agent are as follows:

KDFACTOR-2	(Recruited 1956)	\$8,160
KDFACTOR-5	(Recruited 1956)	2,366
KDFACTOR-6	(Recruited 1956)	2,830
KDFACTOR-8	(Recruited 1965)	649
KDFACTOR-9	(Recruited 1966)	1,568

The long tenure of three of the terminated agents, the relatively high monthly salary of KDFACTOR-2 (\$440) plus the computation of the termination payments in accordance with Mexican law and custom were the primary reasons that the final agent termination costs amounted to \$15,573.

5. All agent terminations were accomplished in an amicable manner. No visible security risks were apparent at the time of the terminations although any one, or all, of the terminated agents may at some future date decide to divulge to an interested party the details of the KDFACTOR Project operations. KDFACTOR-2, KDFACTOR-5, and KDFACTOR-6 have worked in photo surveillance operations for the Station since 1956 and, therefore, obviously have considerable knowledge of targets, former safesites, personnel, and modus operandi of the Station. However, since the KDFACTOR Project was not concerned with incompatible operations or targets, we believe the risks of damage to Station relations with the Mexican Government in the event of exposure of the KDFACTOR Project operations by a terminated agent are within acceptable limits.

6. It is requested that the KDFACTOR Project be amended to provide the sum of \$7,246 for FY - 72 to cover the costs of terminating five agents and two basehouse surveillance sites under this project.

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7. It is also requested that the termination of the KDFACTOR Project be approved effective 30 June 1972.

  
James E. Flannery  
AC/WHD

SECRET

SECRET  
(When Filled In)

PROJECT ACTION						KDFACTOR	
TYPE OF ACTION		X	FY/C	CA			
	NEW PROJECT APPROVAL	DIVISION Western Hemisphere Division					
X	AMENDMENT NO. 2	FIELD STATION Mexico City					
	RENEWAL FY 70	BRANCH One			DESK Mexico		
	EXTENSION	CASE OFFICER Henry E. Mulloy			DATE 26 Apr 73		
X	TERMINATION	ROOM NO. 3E05	BUILDING Hqs	TEL. EXT.	PER BLACK 1973 4167		
CONCURRENCES OF DIVISIONS							
ORGANIZATIONAL ELEMENT	TYPED NAME (and Signature)	DATES		MEMO ATTACHED			
		IN	OUT	YES	NO		
C/WH/1	John C. Murray						
C/WH/BGF	John T. Boeck						
C/WH/SS	Richard B. Wright						
C/WH/FI	Robert D. Wiecha						
C/WH/Plans	John H. Wilson						
C/WH/D	Theodore G. Shackley						
CONCURRENCES OF OTHER COMPONENTS							
(Type in Organizational Element and Name Below Only When Concurrence Obtained by Originating Element.)		DATES		MEMO ATTACHED			
		IN	OUT	YES	NO		
APPROVAL							
PERIOD		AMT THIS ACTION		FY	TOTAL FUNDS AUTHORIZATION		
FROM	TO			19	\$		
1 July 71	30 June 72	7,246		72		50,090	
APPROVING AUTHORITY			SIGNATURE		DATE		
ADDO							



SECRET

MEMORANDUM FOR: Associate Deputy Director  
For Operations

SUBJECT : Project KDFACTOR - Amendment and  
Termination Request.

1. The KDFACTOR Project (until 1970 encrypted as the LIEMPTY Project) was initially approved in 1958 to provide financial and materiel support for visual and photographic surveillance operations targetted against the Soviet Embassy in Mexico City. In June 1972 the project supported five agents and two basehouse surveillance sites.

2. The KDFACTOR Project was approved by the ADDO in the amount of \$19,000 for FY-72 and \$20,000 for FY-73. Per DIRECTOR 285255, dated 30 June 1972, the ADDO approved Amendment No. 1 to the KDFACTOR Project in the amount of \$9,844 for FY-72 to provide for costs of agent terminations.

3. The decision to terminate all agents and facilities under the KDFACTOR Project was based on a security review of the project activities which indicated that the VWBLANKET principal knew the basic details of the KDFACTOR operations, including the target, the location of the surveillance sites, and probably the true names and former cryptonyms of the agents covered by the project.

4. The costs of terminating all the agents in the KDFACTOR Project amounted to \$15,573.00 which was considerably more than had been initially estimated when Amendment No. 1 for FY-72 was requested and approved. The total amount charged to the KDFACTOR Project in FY-72 was \$36,090 which is \$7,246 over the project's authorization of \$28,844. The overage was incurred in terminating agents and facilities associated with the KDFACTOR Project; the effective date of all terminations was 30 June 1972.

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5. All agent terminations were accomplished in an amicable manner. No visible security risks were apparent at the time of the terminations although any one, or all of the terminated agents may at some future date decide to divulge to an interested party the details of the KDFACTOR Project operations. KDFACTOR-2 and KDFACTOR-5 have worked in photo surveillance operations for the Station since 1957 and, therefore, obviously have considerable knowledge of targets, former safesites, personnel, and modus operandi of the Station. However, since the KDFACTOR Project was not concerned with incompatible operations or targets, we believe the risks of damage to Station relations with the Mexican Government in the event of exposure of the KDFACTOR Project operations by a terminated agent are within acceptable limits.

6. It is requested that the KDFACTOR Project be amended to provide the sum of \$7,246 for FY-72 to cover the costs of terminating five agents and two basehouse surveillance sites covered by this project.

7. It is also requested that the termination of the KDFACTOR Project be approved effective 30 June 1972.

Theodore G. Shackley  
Chief, Western Hemisphere Division

SECRET

KDFACTOR - Mexico City, Mexico -- Photographic Surveillance  
Team Support -- FY 1972, Cost \$19,000 and FY 1973,  
Cost \$20,000

<u>Fiscal Year</u>	<u>Approved</u>	<u>Obligated</u>
1971	\$23,635	\$27,586

Changes:

1. The processing of photographs obtained through this project now is performed inside the Station. KDFACTOR-1, who formerly processed the take in an outside safehouse, was terminated amicably in early March 1971. Security and efficiency have been increased by this change. KDFACTOR-1 was terminated in 1970, but the termination payments were made during FY 1971 causing an increase in that years obligations.

2. Howard T. BAGAUS handled the administration of this project to early April 1971 when project responsibility reverted from the Operations Support Section to the REDTOP Section. At that time Timothy H. ARCHBOLD assumed the inside administrative supervision, and agent meetings were turned over to the outside case officer Bruce H. FERNALD. When ARCHBOLD departed PCS on 7 June 1971, Oliver J. MANKUNAS assumed responsibility for this project, including agent meetings.

Accomplishments:

1. This project has provided continuous daily photographic and visual coverage of personnel and vehicles entering or leaving the Soviet Embassy. A total of 530 rolls of film were produced during the reporting period. U.S. citizens, visitors, and IDY personnel are given special attention. Identifications of license plates and automobile descriptions as well as drivers and their companions are identified under this project. Additionally, attendance sheets are maintained to establish who is at the Embassy on any given day and hour.

These photographs and reports have contributed operational support to the Station's Soviet operations which is not attainable elsewhere. For example, whenever the Soviets change all their license numbers the Station is able to compile a new, complete roster within a matter of weeks.

Costs:

1. General: \$19,000 is requested for FY 1972 and \$20,000 is requested for FY 1973. It is also requested that the Project be amended for FY 1971 in the amount of \$4,260 to provide for the termination of KDFACTOR-1 and KDFACTOR-7.

2. Source of Funds: Project KDFACTOR is included in the Western Hemisphere Division's Operational Program in the amount of \$23,735 for FY 1972 and \$24,182 for FY 1973.

3. Project Budget:

	FY 1970 Estimated Obligations	FY 72	FY 73	FY 74
<b>Salaries</b>				
KDFACTOR-2	\$ 5,280	\$ 5,280	\$ 5,808	\$ 5,803
KDFACTOR-5	1,728	1,728	1,901	1,901
KDFACTOR-6	2,112	2,112	2,323	2,323
KDFACTOR-8	768	768	845	845
KDFACTOR-9	1,968	1,968	2,165	2,165
KDFACTOR-1	4,400	-0-	-0-	-0-
KDFACTOR-7	2,500	-0-	-0-	-0-
Bonuses	1,374	1,088	1,087	1,087
	\$20,130	\$12,944	\$14,129	\$14,129
<b>Base houses</b>				
Rents	\$ 6,022	\$ 4,350	\$ 4,240	\$ 4,240
Utilities	400	750	800	800
Maintenance	200	500	500	500
	\$ 6,622	\$ 5,600	\$ 5,540	\$ 5,540

<b>Misc Expenses</b>				
Ops entertainment	\$ 165	\$ 300	\$ 100	\$ 100
Auto maintenance	80	100	100	100
Ops expenses	<u>590</u>	<u>56</u>	<u>131</u>	<u>131</u>
	\$ 835	\$ 456	\$ 331	\$ 331
<b>Total Expenses</b>	<u><b>\$27,587</b></u>	<u><b>\$19,000</b></u>	<u><b>\$20,000</b></u>	<u><b>\$20,000</b></u>

4. Foreign Currency: There is no special need for foreign funds. No non-JKLANCE funds are used.

5. Commitments: Christmas bonuses are provided in the FY 72 and FY 73 budgets.

6. Funding: Funds are hand-carried from the Station by the case officer and transferred during clandestine meetings. Receipts are obtained for all disbursements according to JKLANCE regulations.

7. Annexes: None.

KDFACTOR - Mexico City, Mexico -- Photographic Surveillance  
Team Support -- FY 1972, Cost \$19,000 and FY 1973,  
Cost \$20,000

<u>Fiscal Year</u>	<u>Approved</u>	<u>Obligated</u>
1971	\$23,635	\$27,586

Changes:

1. The processing of photographs obtained through this project now is performed inside the Station. KDFACTOR-1, who formerly processed the take in an outside safehouse, was terminated amicably in early March 1971. Security and efficiency have been increased by this change. KDFACTOR-1 was terminated in 1970, but the termination payments were made during FY 1971 causing an increase in that years obligations.

2. Howard T. BAGAUS handled the administration of this project to early April 1971 when project responsibility reverted from the Operations Support Section to the REDTOP Section. At that time Timothy H. ARCHBOLD assumed the inside administrative supervision, and agent meetings were turned over to the outside case officer Bruce H. FERNALD. When ARCHBOLD departed PCS on 7 June 1971, Oliver J. MANKUNAS assumed responsibility for this project, including agent meetings.

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1. This project has provided continuous daily photographic and visual coverage of personnel and vehicles entering or leaving the Soviet Embassy. A total of 530 rolls of film were produced during the reporting period. U.S. citizens, visitors, and TDY personnel are given special attention. Identifications of license plates and automobile descriptions as well as drivers and their companions are identified under this project. Additionally, attendance sheets are maintained to establish who is at the Embassy on any given day and hour.

These photographs and reports have contributed operational support to the Station's Soviet operations which is not attainable elsewhere. For example, whenever the Soviets change all their license numbers the Station is able to compile a new, complete roster within a matter of weeks.

Costs:

1. General: \$19,000 is requested for FY 1972 and \$20,000 is requested for FY 1973. It is also requested that the Project be amended for FY 1971 in the amount of \$4,260 to provide for the termination of KDFACTOR-1 and KDFACTOR-7.

2. Source of Funds: Project KDFACTOR is included in the Western Hemisphere Division's Operational Program in the amount of \$23,735 for FY 1972 and \$24,182 for FY 1973.

3. Project Budget:

	FY 1970 Estimated Obligations	FY 72	FY 73	FY 74
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KDFACTOR-8	768	768	845	845
KDFACTOR-9	1,968	1,968	2,165	2,165
KDFACTOR-1	4,400	-0-	-0-	-0-
KDFACTOR-7	2,500	-0-	-0-	-0-
Bonuses	1,374	1,088	1,087	1,087
	\$20,130	\$12,944	\$14,129	\$14,129
<b>Base houses</b>				
Rents	\$ 6,022	\$ 4,350	\$ 4,240	\$ 4,240
Utilities	400	750	800	800
Maintenance	200	500	500	500
	\$ 6,622	\$ 5,600	\$ 5,540	\$ 5,540

Misc Expenses				
Ops entertainment	\$ 165	\$ 300	\$ 100	\$ 100
Auto maintenance	80	100	100	100
Ops expenses	<u>590</u>	<u>56</u>	<u>131</u>	<u>131</u>
	\$ 835	\$ 456	\$ 331	\$ 331
Total Expenses	<u>\$27,587</u>	<u>\$19,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

4. Foreign Currency: There is no special need for foreign funds. No non-JKLANCE funds are used.

5. Commitments: Christmas bonuses are provided in the FY 72 and FY 73 budgets.

6. Funding: Funds are hand-carried from the Station by the case officer and transferred during clandestine meetings. Receipts are obtained for all disbursements according to JKLANCE regulations.

7. Annexes: None.



☒ UNCLASSIFIED☐ INTERNAL  
USE ONLY☐ CONFIDENTIAL

## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

KDFACTOR Project Renewal

FROM:

Fred Kravcov *FK*  
WH/1, 3E05

EXTENSION

4167

NO.

DATE

28 October 1971

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S  
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.	C/WH/1/FI/CI	28 Oct	<i>FK</i>	<b>FY 71 FUNDS AVAILABLE</b>  <b>FY 72 FUNDS AVAILABLE</b>  FY 73 FUNDS WILL BE MADE AVAILABLE  <i>See no problem on this one.</i>              <i>Please advise field regarding action suggested by ADOP.</i>
2.	<i>nd</i> C/WH/1		29/10/71 <i>FK</i>	
3.	C/WH/B&F	29 OCT 71	1 NOV 71 <i>SB</i>	
4.	C/WH/SS		1 Nov 71 <i>(92)</i>	
5.	<i>SB/X/WH</i> C/WH/FI	3/11/71	<i>FK</i>	
6.	C/WH/Plans	11/19/71	<i>✓</i>	
7.	<del>SECRET</del>			
8.	C/WH/D		<i>✓</i>	
9.	<i>FK/FI</i>		<i>AM</i>	
10.				
11.	<i>FI/CL</i>	19 NOV 71	15 DEC 71 <i>FK</i>	
12.				
13.	<i>WH/FI</i>	16 DEC 71	<i>FK</i>	
14.	C/WH/1		<i>α</i>	
15.	C/WH/1/FI/CI		<i>FK</i>	

FORM  
3-62

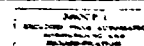
610

USE PREVIOUS  
EDITION☒ SECRET☐ CONFIDENTIAL☐ INTERNAL  
USE ONLY☐ UNCLASSIFIED

SECRET

PROJECT APPROVAL NOTIFICATION					
PROJECT <b>KDFACTOR</b>				<input type="checkbox"/> CA <input checked="" type="checkbox"/> PI/CI	
ACTION			COMPONENT		
	NEW PROJECT		DIVISION OR STAFF <b>WH</b>		
<b>I</b>	AMENDMENT <b>No. 1, FY 72</b>		BRANCH <b>WH/1</b>		
	RENEWAL <input type="checkbox"/> ANNUAL <input type="checkbox"/> BIENNIAL		DESK <b>Maxico</b>		
	TERMINATION		CASE OFFICER <b>J. Murray</b> EXTENSION <b>6955</b>		
	EXTENSION				
	OTHER				
AUTHORIZATION					
APPROVING AUTHORITY <b>ADDP</b>		DATE APPROVED <b>30 June 1972</b>		AMT THIS ACTION	TOTAL FUNDS AUTHORIZATION
PERIOD OF APPROVAL				<b>\$ 9,844</b>	<b>\$ 28,844</b>
FROM <b>1 July 1972</b> TO <b>30 June 1972</b>				<b>2335-1009</b>	
CONDITIONS OF APPROVAL <p style="text-align: center;">Amendment No. 1 to Project KDFACTOR approved, as per          DIR 285255, in the amount of \$9,844, increasing the          project's authorization from \$19,000 to a revised          total of \$28,844 for FY 72.</p>					
SIGNATURE <b>WPS/BO</b>				DATE <b>25 JUL 72</b>	
DISTRIBUTION					
1	PPD		1	DIV. OR STAFF BY OFFICER	3
				CASE OFFICER	WPS/BO

SECRET



SECRET

PROJECT APPROVAL NOTIFICATION					
PROJECT <b>EDFACTOR</b>				<input type="checkbox"/> CA <input checked="" type="checkbox"/> VICE	
ACTION			COMPONENT		
	NEW PROJECT		DIVISION OR STAFF <b>WH</b>		
	AMENDMENT		BRANCH		
<input checked="" type="checkbox"/>	PENETRAL	<input type="checkbox"/> ANNUAL <input checked="" type="checkbox"/> BIENNIAL	<b>WH/1</b>		
	TERMINATION		DESK		
	EXTENSION		<b>Mexico</b>		
	OTHER		CASE OFFICER <b>Fred Kravcov</b> EXTENSION <b>4167</b>		
AUTHORIZATION					
APPROVING AUTHORITY		DATE APPROVED	AMT THIS ACTION	FY	TOTAL FUNDS AUTHORIZATION
<b>AIDP</b>		<b>10 December 1971</b>	<b>\$ 32,000</b>	<b>72</b>	<b>\$ 19,000</b>
PERIOD OF APPROVAL				<b>73</b>	<b>\$ 20,000</b>
FROM <b>1 July 1971</b> TO <b>30 June 1973</b>			FINANCIAL CODE SYMBOL	<b>2135-1009</b>	
CONDITIONS OF APPROVAL					
SIGNATURE				DATE	
MPS/BG (Signed) <b>E. M. L. L. L.</b>				<b>15 H. 2. 2</b>	
DISTRIBUTION					
1	PPB		1	DIV. OR STAFF RE OFFICER	1
				CASE OFFICER	3
				MPS/BG	

FORM 849 USE PREVIOUS EDITIONS

SECRET

GROUP 1  
EXCLUDED FROM AUTOMATIC  
DOWNGRADING AND  
DECLASSIFICATION

(13)

**SECRET**  
(When Filled In)

**FUNDING**

NO. 1  
(DOCUMENT # FOR  
THIS PROJECT)

DATE 17 Dec 71

**NOTIFICATION OF PROJECT APPROVAL ACTION**

TO: CHIEF OF STATION (BASE) Mexico City

ATTENTION: FINANCE OFFICER

INFO: \_\_\_\_\_

PROJECT KOPAS-02 PAN 2135-1009

TYPE OF ACTION	PERIOD OF ACTION	<u>15-11-71</u>	TO	<u>15-11-73</u>	AMOUNT \$	<u>39,000</u>
NEW	PREVIOUS ACTION IN THIS FISCAL YEAR			<u>67-72</u>		<u>67-73</u>
RENEWAL <input checked="" type="checkbox"/>	TOTAL FISCAL YEAR APPROVAL			<u>19,000</u>		<u>20,000</u>
EXTENSION <input type="checkbox"/>						
TERMINATION <input type="checkbox"/>	FUNDS AVAILABLE FOR HQS USE			<u>—</u>		<u>—</u>
AMENDMENT <input type="checkbox"/>	FUNDS AVAILABLE FOR FIELD USE			<u>19,000</u>		<u>20,000</u>
OTHER <input type="checkbox"/>						

CHIEF, WH/B&P \_\_\_\_\_

**HQS USE ONLY**

<u>PROCESSED</u>	<u>APPROVED</u>	<u>TYPE OF ACTION</u>	<u>PERIOD</u>	<u>AMOUNT</u>
------------------	-----------------	-----------------------	---------------	---------------

**SECRET**  
(When Filled In)

SECRET

PROJECT APPROVAL NOTIFICATION					
PROJECT <b>EDFACTOR</b>				<input type="checkbox"/> CB <input checked="" type="checkbox"/> FIC/1	
ACTION			COMPONENT		
	NEW PROJECT		DIVISION OR STAFF <b>WH</b>		
<b>X</b>	AMENDMENT <b>No. 1, FY 71</b>		BRANCH <b>WH/1</b>		
	PERIOD <input type="checkbox"/> ANNUAL <input type="checkbox"/> BIENNIAL		UNIT <b>Mexico</b>		
	TERMINATION		CASE OFFICER <b>Fred Kravcov</b> EXTENSION <b>4167</b>		
	EXTENSION				
	OTHER				
AUTHORIZATION					
APPROVING AUTHORITY <b>AIDP</b>		DATE APPROVED <b>10 December 1971</b>		AMT THIS ACTION	TOTAL FUNDS AUTHORIZATION
PERIOD OF APPROVAL				<b>\$ 4,260</b>	<b>\$ 27,890</b>
FROM <b>1 July 1970</b> TO <b>30 June 1971</b>				<b>1135-1009</b>	
CONDITIONS OF APPROVAL  <p style="text-align: center;">Amendment No. 1 to Project EDFACTOR approved in the amount of \$4,260, increasing the project's FY 71 authorization to a revised total of \$27,890.</p>					
SIGNATURE <i>(Signature)</i>				DATE <i>10</i>	
MPS/BO					
DISTRIBUTION					
1	F2B		1	DIV. OR STAFF BY OFFICER	1
				CASE OFFICER	3
				MPS/BI	

SECRET

20 MAY 1970

MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : FI Project LEMPTV  
 FY 1970 Amendment  
 FY 1971 Renewal

REFERENCE : C/FE Memorandum for ADD/P, dated  
 19 May 1970, Subject: "Renewal of  
 Project LEMPTV."

1. On 22 May 1970, I approved the request for the  
 extension requested by the project manager, that the  
 termination on payment to GILKINSON and his wife will be  
 on a monthly basis as specified in paragraph 4 of reference.

2. Messrs. John G. [redacted] and [redacted] M. [redacted]  
 attended the project meeting.

John G. [redacted], Jr.  
 Deputy Director for Plans

SECRET

ADDP Comment of 26 May 70

**S E C R E T**

**FAN ACCOUNT TREND REPORT  
30 NOV 1972**

**FAN NUMBER: 35-1009 TITLE: KOFACOR**

**OFFICE: WESTERN HEMIS DIV**

BUDGET AREA: BUDGET COUNTRY: MEXICO		CATEGORY: COLLECTION INTELL SUBCATEGORY: CLANDESTINE				ELEMENTS, CLOSE OPS SUPPORT SURFLEMENTS	
1972		1973				1974	1975
	ACTUAL	OPERATING	ACTUAL	% DPLG	BAL REMAIN	ESTIMATE	ESTIMATE
RENT COMM & UTIL							
2153 SAFEHOUSES	5,220	5,540	1,056	19.1%	4,484	5,540	
TOTAL	5,220	5,540	1,056	19.1%	4,484	5,540	
OTHER SERVICES							
2553 AGENT RLG	16,626	1,000	695	69.5%	305	1,000	
2554 AGENT CAR	12,404	3,780			3,780	12,780	
2557 OPEXP SAL	203	230			230	230	
2559 OPEXP OTMR	62	100			100	100	
TOTAL	29,295	5,110	695	13.6%	4,415	14,110	
SUPPLIES							
2404 PHOTO		350			350	350	
2409 PRUP ENC	350						
TOTAL	350	350			350	350	
TOTAL FAN 35-1009	34,865	11,000	1,751	15.9%	9,249	20,000	
REPORT-LA			S E C R E T			PAGE 371	

8 DEC 1971

MEMORANDUM FOR: Assistant Deputy Director for Plans

THROUGH: MPS/BG

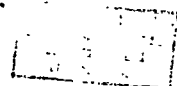
SUBJECT: Renewal of Project KDFACTOR  
in 1972 for \$19,000  
in 1973 for \$20,000

1. This project covers photo and visual surveillance of the Soviet Embassy in Mexico City. One observation post covers the front gate of the building, and another covers the rear gate and walled compound. Five salaried agents man the sites, four in front and one in back. An official cover case officer collects the take (rolls of film and logs of visitors) once a week by car meetings with the OP keepers. The films are developed and printed inside the Station.

2. The production from this operation has consistently been rated high by the Bureau (which is the principal customer in the field), by other Government agencies and by SB Division. Photosurveillance of a Soviet Embassy might not be a high priority target in some countries. But the fact that the Soviet Embassy in Mexico is a large and active one and the fact that its primary target is operations against the United States make our effort important and valuable. This is the operation that produced the photographs of Lee Harvey Oswald visiting the Soviet Embassy in 1962.

3. This seemingly straightforward operation has not always been so uncomplicated. Both sites have been in operation and served by the same OP keepers for more than a dozen years. At one of the sites the OP keeper's wife and children take turns manning the equipment. A now-terminated principal agent was divorced several years ago from a wife who knew a lot about the operation. Some desk officers believe that the medical doctor who for years was supposed to be developing the films was simply too busy to do so and that the work was probably done by his uncleared secretary. Family relationships keep cropping up among supposedly compartmented agents. All of this is in the files but not in any one place. We

This is in  
error,  
AB  
D/G,  
17 Apr 77





believe it is time for the Station to make an updated security review of the operation with particular attention to the knowledgeability of terminated agents and their families. We also believe that the Station should now address itself to the contingency that the present sites or personnel will be blown and to investigate alternative means of continuing their valuable coverage.

4. The ADDP last approved this project in May 1970 with the condition that termination payments to the principal agent and his divorced wife be made on a monthly basis. This condition has been met.

5. The budgets requested for the next two years are simple and straightforward. Salaries and the traditional bonuses for the five paid agents come to about \$13,000. Rent and utilities on the two observation posts come to \$5,600. The small balance is for operational expenses. This project action also requests amendment of the FY 1971 budget by \$4,260 to cover that part of the cost of termination bonuses to the principal agent and his divorced wife which could not be absorbed by the project. The total of the termination bonuses was \$12,500.

6. This is a valuable and productive project which helps fulfill a Priority A-1 Station requirement. The FI Staff recommends approval.

  
L. A. Campbell  
Chief  
Foreign Intelligence

Attachment  
Project

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PROJECT KDFACTOR

MPS/BG/FI/AFKatein:dr

(13 DEC 71)

Distribution:

O & 1 - Addressee

1 - ADD/P

~~/~~ - WH/1

1 - FI/OPS

1 - CI/OPS

1 - C/CCS/PRG

1 - MPS/BG/FI

SECRET

SECRET

14 DEC 1971

DD/P 1-5899

MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT: FI Project KDFACTOR  
FY 1971 Amendment No. 1  
Biennial Renewal  
Proposal for Fiscal  
Years 1972 and 1973

1. On 10 December 1971 I approved subject actions in the amounts specified below:

- a. FY 1971 Amendment No. 1 - For \$4,260, increasing the project's FY 1971 funds authorization (from \$23,630) to \$27,890.
- b. FY 1972 Renewal - For \$19,000 \*
- c. FY 1973 Renewal - For \$20,000

2. I ask that the Station conduct an updated security review of this operation, giving particular attention to the knowledgeability of terminated agents and their families as discussed in paragraph 3 of referent memorandum.

3. Also, I ask that you provide me (via MPS/EC) with a memorandum report summarizing the results of the above (paragraph 2) security review by 31 March 1972.

*Cord Meyer Jr.*  
Cord Meyer, Jr.

Assistant Deputy Director for Plans

*\*Amended by DIR-255255 in amount of \$1,544, and  
Total \$28,544.*

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(When Filled In)

PROJECT ACTION				PROJECT CRYPTONYM			
				KDFACTOR			
	TYPE OF ACTION	X	FI/C		CA		
	NEW PROJECT APPROVAL	DIVISION Western Hemisphere Division					
	AMENDMENT NO. 2 FY-71	FIELD STATION Mexico City					
	X RENEWAL FY 1972 & 73	BRANCH One				DESK	
	EXTENSION	CASE OFFICER Fred Kravcov				DATE 28 Oct 71	
	TERMINATION	ROOM NO. 3E05	BUILDING Hqs	TEL. EXT.	RFD 1973	BLACK 4167	
CONCURRENCES OF DIVISIONS							
ORGANIZATIONAL ELEMENT	TYPED NAME (Typed Name)		DATES		MEMO ATTACHED		
			IN	OUT	YES	NO	
C/WH/1	John C. Murray		29/10/71	29/10/71			
C/WH/B&F	Lunsford O. Healy		29 Oct 71	17 Nov 71			
C/WH/SS	Richard B. Wright		15 Nov 71				
C/WH/EL	Richard S. Welch		18/11/71				
C/WH/Plans	John R. Cassidy		11/12/71				
C/WH/D	William V. Brod		19 Nov 71				
CONCURRENCES OF OTHER COMPONENTS							
(Type in Organizational Element and Name Below Only. When Concurrence Obtained by Originating Element.)			DATES		MEMO ATTACHED		
			IN	OUT	YES	NO	
SB/X/WH	Haviland Smith		3/1/71			x	
FI Staff	/s/ Arthur C. Close			8 Dec 71	x		
CI Staff	Frank Hughes /s/			8 Dec 71		x	
CCS/PRQ	Charles Beckman /s/			26 Nov 71		x	
*With the conditions as stated in my memorandum dated 14 December 1971							
(DD/P 1-5899)							
C/MPS/BG	Paul A. Meyer		9 Dec 71	9 Dec 71			
APPROVAL							
1 July 1970		30 June 1971		FY 71		TOTAL FUNDS AUTHORIZATION	
FROM 1 July 71		TO 30 June 72		19 72		\$ 19,000	
1 July 72		30 June 73		19 73		\$ 20,000	
APPROVING AUTHORITY		SIGNATURE		DATE			
A/DDP		Paul Meyer		10 Dec 71			

SECRET

KDFACTOR - Mexico City, Mexico -- Photographic Surveillance  
Team Support -- FY 1972, Cost \$19,000 and FY 1973,  
Cost \$20,000

<u>Fiscal Year</u>	<u>Approved</u>	<u>Obligated</u>
1971	\$23,635	\$27,586

Changes:

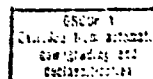
1. The processing of photographs obtained through this project now is performed inside the Station. KDFACTOR-1, who formerly processed the take in an outside safehouse, was terminated amicably in early March 1971. Security and efficiency have been increased by this change. KDFACTOR-7 was terminated in 1970, but the termination payments were made during FY 1971 causing an increase in that years obligations.

2. Howard T. BAGAUS handled the administration of this project to early April 1971 when project responsibility reverted from the Operations Support Section to the REDTOP Section. At that time Timothy H. ARCHBOLD assumed the inside administrative supervision, and agent meetings were turned over to the outside case officer Bruce H. FERNALD. When ARCHBOLD departed PCS on 7 June 1971, Oliver J. MANKUNAS assumed responsibility for this project, including agent meetings.

Accomplishments:

1. This project has provided continuous daily photographic and visual coverage of personnel and vehicles entering or leaving the Soviet Embassy. A total of 530 rolls of film were produced during the reporting period. U.S. citizens, visitors, and TDY personnel are given special attention. Identifications of license plates and automobile descriptions as well as drivers and their companions are identified under this project. Additionally, attendance sheets are maintained to establish who is at the Embassy on any given day and hour.

SECRET



SECRET -2-

These photographs and reports have contributed operational support to the Station's Soviet operations which is not attainable elsewhere. For example, whenever the Soviets change all their license numbers the Station is able to compile a new, complete roster within a matter of weeks.

Costs:

1. General: \$19,000 is requested for FY 1972 and \$20,000 is requested for FY 1973. It is also requested that the Project be amended for FY 1971 in the amount of \$4,260 to provide for the termination of KDFACTOR-1 and KDFACTOR-7.

2. Source of Funds: Project KDFACTOR is included in the Western Hemisphere Division's Operational Program in the amount of \$23,735 for FY 1972 and \$24,182 for FY 1973.

3. Project Budget:

	FY 1971 Estimated Obligations	FY 72	FY 73	FY 74
<b>Salaries</b>				
KDFACTOR-2	\$ 5,280	\$ 5,280	\$ 5,808	\$ 5,808
KDFACTOR-5	1,728	1,728	1,901	1,901
KDFACTOR-6	2,112	2,112	2,323	2,323
KDFACTOR-8	768	768	845	845
KDFACTOR-9	1,968	1,968	2,165	2,165
KDFACTOR-1	4,400	-0-	-0-	-0-
KDFACTOR-7	2,500	-0-	-0-	-0-
<b>Bonuses</b>	<u>1,374</u>	<u>1,088</u>	<u>1,087</u>	<u>1,087</u>
	\$20,130	\$12,944	\$14,129	\$14,129
<b>Base houses</b>				
Rents	\$ 6,022	\$ 4,350	\$ 4,240	\$ 4,240
Utilities	400	750	800	800
Maintenance	<u>200</u>	<u>500</u>	<u>500</u>	<u>500</u>
	\$ 6,622	\$ 5,600	\$ 5,540	\$ 5,540

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SECRET -3-

<b>Misc Expenses</b>				
Ops entertainment	\$ 165	\$ 300	\$ 100	\$ 100
Auto maintenance	80	100	100	100
Ops expenses	590	56	131	131
	<u>\$ 835</u>	<u>\$ 456</u>	<u>\$ 331</u>	<u>\$ 331</u>
<b>Total Expenses</b>	<u><b>\$27,587</b></u>	<u><b>\$19,000</b></u>	<u><b>\$20,000</b></u>	<u><b>\$20,000</b></u>

4. Foreign Currency: There is no special need for foreign funds. No non-JKLANCE funds are used.

5. Commitments: Christmas bonuses are provided in the FY 72 and FY 73 budgets.

6. Funding: Funds are hand-carried from the Station by the case officer and transferred during clandestine meetings. Receipts are obtained for all disbursements according to JKLANCE regulations.

7. Annexes: None.

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PREVIOUS PROJECT ACTION



SECRET

DD/P 42732

26 MAY 1970

MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : FI Project LIEMPTY  
FY 1970 Amendment  
FY 1971 Renewal

REFERENCE : C/FI Memorandum for ADD/P, dated  
19 May 1970, Subject: "Renewal of  
Project LIEMPTY."

1. On 22 May 1970, I approved subject action for the amounts requested with the understanding that the termination payments to GERENDE and his wife will be on a monthly basis as described in paragraph 4 of referent.

2. Messrs John C. Murray and Charles M. Bounds attended the project meeting.

*Cord Meyer, Jr.*

Cord Meyer, Jr.  
Assistant Deputy Director for Plans

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MPS/BG/FI/ALKatein/sw

Distribution:

O & 1 - Addressee

1 - ADD/P

1 - FI/OPS

1 - CI/OPS

1 - WH/1 /

1 - SB/X/WH

1 - CCS/PRG

1 - DDP/NSP

1 - MPS/BG

SECRET

(When Filled In)

PROJECT ACTION				FD CRYPTONYM			
				LIEMPTY			
	TYPE OF ACTION	X	FI C	CA			
	NEW PROJECT APPROVAL	Western Hemisphere Division					
	1 AMENDMENT NO. <b>FI 70</b>	FIELD STATION Mexico City					
	X RENEWAL FY 19 <b>71</b>	BRANCH <b>One</b>		DESK			
	EXTENSION	CASE OFFICER <b>Jack Barry</b>			DATE <b>10 April 70</b>		
	TERMINATION	ROOM NO. <b>3E05</b>	BUILDING <b>Hqs.</b>	TEL. EXT.	RED <b>1973</b>	BLACK <b>4167</b>	
CONCURRENCES OF DIVISIONS							
ORGANIZATIONAL ELEMENT	TYPED NAME (and signature)			DATES		MEMO ATTACHED	
				IN	OUT	YES	NO
C/WH/1	John C. Murray <i>John C. Murray</i>			10 APR	10 APR		X
C/WH/B&F	Elliotte C. Want <i>Elliotte C. Want</i>			10 APR 1970	4/13		
C/WH/SS	Richard B. Wright <i>Richard B. Wright</i>				4-13-70		✓
C/WH/FI	Richard S. Welch <i>Richard S. Welch</i>			20/4/70			
C/WH/Plans	Robert B. Moore <i>Robert B. Moore</i>			21 APR 1970	4/21		
C/WH/D	William V. Broe <i>William V. Broe</i>			21 APR 1970	21 APR 1970		
CONCURRENCES OF OTHER COMPONENTS							
(Type in Organizational Element and Name below only. Then Concurrence Obtained by Originating Element.)				DATES		MEMO ATTACHED	
				IN	OUT	YES	NO
SEK/WH	LEE G. PESTIDES <i>LEE G. PESTIDES</i>			IN/WH	IN/WH		X
FI Staff	Charles A. Fielder <i>Charles A. Fielder</i>			19 MAY 1970	19 MAY 1970	✓	
CI Staff	/S/ Frank W. Hughes				11 May 70		
CCS/PRG	/S/ Charles Beckman				8 May 70		
DDP/NSP	/S/ Gerard Droller				24/4/70		
C/NPS/BG	<i>S. D. Droller</i>				20 May 70		
APPROVAL							
PERIOD		AMT THIS ACTION		FY	TOTAL FUNDS AUTHORIZATION		
1 July 1969	30 June 1970	\$ 70,499	1970	\$ 49,468			
1 July 1970	30 June 1971	\$ 23,635	1971	\$ 23,635			
APPROVING AUTHORITY		SIGNATURE		DATE			
A/DDP		<i>Carol Weyant</i>		22 May 70			

SECRET

LIEMPTY - Mexico City, Mexico -- Photographic Surveillance  
Team Support -- FY 1971, Cost \$23,635.

<u>Fiscal Year</u>	<u>Approved</u>	<u>Obligated</u>
1966	\$43,145	\$36,294
1967	45,000	42,082
1968	42,185	42,158
1969	43,520	41,416
1970	38,970	49,468 (Projected)

Purpose:

Project LIEMPTY supports a visual and photographic surveillance of the Soviet Embassy in Mexico City. The aim is to identify and cover the movements of persons entering and leaving the Embassy, including Soviets and visitors. The intelligence collected through such activity contributes to the Station's overall Soviet operations program, mainly in support of Priority A-1, but to some extent, Priority A-4, of the Operating Directive for Mexico.

Description:

1. The Project operates through two fixed basehouse surveillance posts, a small photographic laboratory, a principal agent, and six sub-agents. A team of four sub-agents, operating from a basehouse, maintains visual and photographic surveillance of the Soviet Embassy front entrance. One sub-agent, operating from a second basehouse, covers an area in back of the Embassy, where Soviet officials meet, play and work. These units photograph all persons moving in or out of the specific target areas. They also maintain logs and provide written reports on observed activity. All of this material is passed to the principal agent, who passes the film to another sub-agent for processing at a laboratory equipped for that purpose. After the film is processed and printed, the principal agent passes the finished product, plus written reports and logs, to the Station case officer. A brief description of each unit, each agent and his role in the operation follows.

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-2-

2. LILYRIC (MEXI-132) is a basehouse located near the front of the Soviet Embassy. This house has been in operation since October 1966. It is rented through LIMOUSINE (201-5762), a cleared American businessman. He is the ostensible owner of record and, as the landlord, collects rent from the tenants and then passes it to the Station case officer. LIEMPTY-13 and his family (see paragraph 3 below) live in the LILYRIC house and conduct their surveillance operation from it during daylight hours (0800-1800).

3. LIEMPTY-13 (201-119961) is the key member of the LILYRIC basehouse team. He maintains contact with the principal agent and does some photographic work. However, because LIEMPTY-13 is employed outside as an industrial engineer, he is unable to spend much time operating the LILYRIC photographic equipment, and most of this work is done by his wife, LIEMPTY-14, and their sons, LIEMPTY-26 and LIEMPTY-27 (see paragraphs 4, 5 and 6 below).

4. LIEMPTY-14 (201-167567) is the main photographer and observer at the LILYRIC basehouse. She works closely with her husband, LIEMPTY-13, in running the operation, including the preparation of observation reports and logs. She also does the LILYRIC housekeeping, as any housewife would do.

5. LIEMPTY-26 (201-762111), the son of LIEMPTY-13 and LIEMPTY-14, has been a student at the Mexican Technological Institute. In his spare time he operates the LILYRIC photographic equipment, and helps LIEMPTY-14 in maintaining the arrival and departure logs of target personalities.

6. LIEMPTY-27 (201-762112), another son of LIEMPTY-13 and LIEMPTY-14, has been a prep school student. He assists in operating the LILYRIC photographic equipment and transcribes notes into a finished typewritten log of events.

7. LICALLA (MEXI-03) is a basehouse located behind the Soviet Embassy. It has been in operation since 1957. The building, a four-unit affair, collectively known as LIMUST, is Agency owned. It was purchased through LIMOUSINE in September 1957, and the property is in his name. The LICALLA site is occupied by LIEMPTY-9 (see paragraph 8 below) and he runs the surveillance operation from it.

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-3-

8. LIEMPTY-9 (201-136454) is the only agent operating from the LICALLA site. He does all the photography, maintains logs and prepares observation reports. He also maintains contact with the principal agent. LIEMPTY-9 is a part-time insurance salesman and is self-employed in the accounting business, which he conducts at the LICALLA site.

9. Raymond H. GERENDE (201-119523) has been the principal agent for this project. He is a Mexican national contract agent who is self-employed as an English teacher and also works as a salesman for a light bulb manufacturer. GERENDE has been mainly responsible for maintaining contact with the LIEMPTY agents, passing instructions to them, and collecting the product for passing to the Station case officer. He has also paid them and handled all other administrative matters. He is being terminated by the end of FY 1970 for security reasons (see Problems, paragraph 1).

10. Bruce H. FERNALD (P) (201-008189) replaced GERENDE (see paragraph 9 above) as the project's principal agent in early December 1969. FERNALD, a U.S. citizen born in June 1915, operates under non-official cover as a retired immigrant. He is responsible for maintaining contact with the LIEMPTY agents and collecting the product for passing to the Station case officer. He also handles administrative matters, including agent salary payments. FERNALD is financially covered under Project AEMAGNIFY.

11. The LIEMPTY photographic laboratory (MEXI-137) is located in a room at GERENDE's residence. It is equipped to process the photographs taken by the LIEMPTY surveillance units. The work is done by LIEMPTY-4. (See paragraph 12 below). Since GERENDE will be terminated by the end of FY 1970, the Station is taking steps to establish a new LIEMPTY photographic laboratory at a new safesite.

12. LIEMPTY-4 (201-117967) processes all the photographic film taken by the LIEMPTY photographers and makes the number of prints required. He does this work at night in the LIEMPTY photographic laboratory. He is self-employed as a medical doctor, and he is a brother-in-law of GERENDE, in whose home the laboratory is located.

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Changes:

1. The LIENTRAP mobile unit, consisting of LIEMPTY-10 and LIEMPTY-11, is being removed from Project LIEMPTY and placed under Project LIEMBRACE, which supports a unilateral physical surveillance team. The purpose of this change is to increase the size of the LIEMBRACE team in order to meet a growing demand for operational surveillance support from the various Station operating sections. The transfer will become effective at the beginning of FY 1971 and both FY 1971 project budgets have been adjusted to cover financial aspects of the change.

2. Raymond H. GERENDE was removed as the LIEMPTY principal agent in early December 1969 owing to a security problem (see Problems, paragraph 1). He was replaced on 9 December 1969 by Bruce H. FERNALD, a career agent operating under cover as a retired immigrant. The change has caused some delay in the receipt of photographs because FERNALD is unable to meet LIEMPTY agents as frequently as GERENDE had met them, but operational effectiveness is not significantly reduced by this delay. The key issue is that security and reliability of the principal agent have improved considerably.

Accomplishments:

1. Project LIEMPTY has provided continuous daily photographic and visual coverage (Monday through Saturday) of the front entrance and rear areas of the Soviet Embassy in Mexico City. All Soviet personnel and their visitors entering or leaving the Embassy have been photographed. In addition, visual surveillance reports were prepared when appropriate. These photographs and reports have contributed essential operational support to the Station's Soviet operations program.

2. Recently, LIEMPTY photographs were exclusively used to produce an updated mugbook on Soviet officials in Mexico. The book has been loaned to the FBI, AF/OSI and the 902nd Military Intelligence Group for operational use in debriefing their agents engaged in dangle operations and double agent operations against the Soviet services in Mexico City. One 902nd controlled agent was identified from an LIEMPTY photograph taken when the agent tried to contact the Soviets at

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-5-

the Soviet Embassy in Mexico City. Similarly, an AF/OSI controlled agent scheduled to meet a Soviet contact was unable to do so owing to illness, but LIEMPTY photographed another person who appeared at the meeting site and this person is believed to be the agent's Soviet case officer. Such coverage has been helpful to the 902nd, AF/OSI and the FBI in running their controlled double agent operations against the Soviets in Mexico.

3. Within one week after a biannual change of license plates on Soviet Embassy vehicles, LIEMPTY had provided a complete list of the new tag numbers, along with a complete identification of the vehicles. Among other things, this enabled the Station to identify the companions of Aleksandr Aleksandrovich NIKITIN, a known KGB officer, during his last few days in Mexico.

4. LIEMPTY has also determined that newcomers to the Soviet Embassy frequently gravitate to groupings with their RIS colleagues in the "safety" of the Embassy backyard. This fact enabled the Station to make certain tentative KGB and GRU identifications. In addition, certain TDYers have been linked up with their escort officers and clues to personal relationships have occasionally been exploited.

5. In the field of Soviet patterns of activity and associations, LIEMPTY has been able to report accurate changes in certain specific cases. LIEMPTY coverage showed that NIKITIN, mentioned in paragraph 3 above, changed his activity pattern following the defection of Raisa Yerofeyevna KISELNIKOVA, former secretary in the Commercial Mission in Mexico. The same applies to Oleg NECHIPORENKO, a Second Secretary at the Embassy and a known KGB officer. LIEMPTY also provided information on the patterns and associations of Yuriy Viktorovich KUPLYAKOV, a known KGB officer and on Valeriy Vladimirovich SOKOLIN, a known GRU officer. Coverage of Vladimir Viktorovich GORDEYEV, a suspect KGB officer, showed that he did, in fact, work in a "restricted area" at the Soviet Embassy and also established who some of his associates were. In the case of Oleg Konstantinovich IGNATYEV, who had arrived in Mexico City from Caracas, Venezuela, LIEMPTY was able to observe IGNATYEV entering and leaving in the company of Svyatoslav Fedorovich KUZNETSOV, Press Attache and First Secretary of the Soviet Embassy. IGNATYEV also visited the Soviet Embassy

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several other times during his stay in Mexico City and had contact with other known Soviet intelligence officers while visiting. This kind of information is a basic contribution to the Station's continuing efforts to identify and assess certain Soviets for possible recruitment or defection.

6. At Headquarters, the Soviet Bloc Division uses LIEMPTY photographs, particularly photographs of Soviet Embassy officials, for identification purposes in connection with defector cases. The LIEMPTY material also keeps the Station's Soviet section up-to-date on which Soviet officers have been in the Embassy, which ones have been away; who has used which car; who has been in contact with whom; and other similar information useful in the conduct of Soviet operations.

Problems:

1. A security problem has developed involving Raymond H. GERENDE. According to GERENDE, his wife wants a divorce, apparently based mainly on incompatibility of personalities. The problem basically is that both want custody of the children and this has sparked a dispute that has become more bitter and violent daily. In addition, the monetary settlement is in dispute. The problem is compounded by the fact that GERENDE's wife knows in some considerable detail of GERENDE's activities on behalf of the Agency. Thus, if the case does go to court, it could lead to the surfacing of GERENDE's Agency employment and possible compromise of LILYRIC, LICALLA and LIENTRAP. Even if the case does not go to court, GERENDE's wife could expose him as an Agency employee. Since late 1969, Mexico City Station has been in touch with both GERENDE and his wife on this problem, and every effort is being made by the Station to have both parties settle the divorce out of court, and to protect GERENDE's cover and that of the project. After weighing all factors, it has been decided that continued employment of GERENDE is not an acceptable risk, and the decision has been reached to terminate him by the end of FY 1970. GERENDE will be paid a termination bonus of \$10,000 for 15 years service, about \$1,250 more than the \$8,750 his contract calls for, in order to ensure that the termination is amicable and thereby preserve

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project security. In addition, his wife, LIEMPTY-19 will be given \$2,500 as a security measure designed to keep her from revealing what she knows about project operations. The FY 1970 budget is being amended to cover this amount.

2. Other aspects of security continue relatively unchanged. All the agents still have jobs to backstop their Agency wages. The Station is compartmented from the action agents through FERNALD, whose contact with the sub-agents is reasonably well covered by his status as a retired immigrant. FERNALD has been meeting LIEMPTY-9 and LITEMPY-13 since 9 December 1969. Brief meetings are held once each week at pre-arranged times and places, well away from the target area. Occasionally emergency meetings are called, by phone, if special coverage is desired. FERNALD also meets LIEMPTY-4 to exchange films and prints. These meetings are held weekly at pre-arranged times and places. FERNALD can change meeting plans by calling LIEMPTY-4 directly by telephone. In addition, LIEMPTY-4 has been given a special extension in the Station through which he may call as "Dr. Carlos" to leave a message for "Victor" (FERNALD). The Station case officer maintains weekly clandestine contact with FERNALD in order to manage the operation and collect the product.

Coordination:

Ambassador McBride has not been briefed on Project LIEMPTY.

Future Plans:

1. The surveillance units are expected to continue to produce valuable information in the form of photographic coverage and visual surveillance reports on the daily movements, personal associations, and habit patterns of persons frequenting the Soviet Embassy, including Soviet officials. Operational procedures and the project mechanism will continue as it has in the past, except that Bruce H. FERNALD, a new principal agent, will be in charge of the operation (see Changes, paragraph 2).

2. The Project does not include an up-dated plan for emergency contact during violent action or government overthrow. The Station has been requested to prepare an up-dated emergency contact plan and submit it to Headquarters in the first FY 1971 quarterly progress report.

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Costs:

1. General: \$23,635 is requested for FY 1971. It is requested that the project be amended for FY 1970 in the amount of \$10,498 (from \$38,970 to \$49,468) in order to cover termination payments to Raymond H. GERENDE and his wife, LIEMPTY-19.

2. Source of Funds: Project LIEMPTY is included in the Western Hemisphere Division's FY 1971 Operating Program in the amount of \$40,000. Funds for the FY 1970 amendment will be absorbed in the current WH Division's finance allocation.

3. Project Budget:

	FY 1970 Estimated Obligations	FY 1971 Request	FY 1972 Projection
Raymond H. GERENDE			
Salary	\$ 6,500	\$ -0-	\$ -0-
LIEMPTY-4 Salary	2,400	2,640	2,640
LIEMPTY-9 Salary	4,320	4,752	4,752
LIEMPTY-10 Salary	4,224	-0-	-0-
LIEMPTY-11 Salary	2,736	-0-	-0-
LIEMPTY-13 Salary	1,536	1,690	1,690
LIEMPTY-14 Salary	1,824	2,006	2,006
LIEMPTY-26 Salary	672	739	739
LIEMPTY-27 Salary	1,728	1,901	1,901
LICALLA Safehouse Rent			
(MEXI-03)	1,248	1,373	1,373
LILYRIC Safehouse Rent			
(MEXI-132)	2,880	2,880	2,880
Safehouse Utilities	1,100	1,200	1,300
GERENDE Dark Room Rent			
(MEXI-137)	960	-0-	-0-
MV-2823* and 2947			
Maintenance	1,200	600	600
Property Maintenance and			
Replacement	500	500	500
Photographic and Other			
Supplies	1,000	1,000	1,000
Christmas Bonuses	2,140	2,354	2,354
LIEMPTY-19 Termination			
Bonus	2,500	-0-	-0-
GERENDE Termination Bonus	10,000	-0-	-0-
<b>TOTAL</b>	<b>\$49,468</b>	<b>\$23,635**</b>	<b>\$23,735</b>

\*MV-2823 to be sold in FY 1970 and not replaced.

\*\*Decrease from FY 1970 figure due to GERENDE termination.  
His replacement is covered under Project AEMAGNIFY.

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4. Foreign Currency: There is no special need for foreign currency. No non-CIA funds are used.

5. Commitments: Christmas bonuses to all agents totaling \$2,354 for FY 1971, and termination pay in an amount to be determined by the agents record and length of service.

6. Funding: Funds are hand-carried from the Station case officer to FERNALD, and from FERNALD to the sub-agents. The transfer of funds takes place under clandestine meeting conditions, and appropriate security measures are always taken.

7. Accountability: FERNALD accounts in detail to his case officer, who in turn submits receipts to the Station and certifies that funds were spent to cover expenses for which it was intended.

8. Annexes: None

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FORM 848 USE PREVIOUS EDITIONS

(5)

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**LINERTY - Mexico City, Mexico -- Photographic Surveillance  
Team Support -- FY 1971, Cost \$23,635.**

<u>Fiscal Year</u>	<u>Approved</u>	<u>Obligated</u>
1966	\$43,143	\$36,294
1967	43,000	42,082
1968	42,183	42,158
1969	43,320	41,416
1970	38,970	49,468 (Projected)

**Purpose:**

Project LINERTY supports a visual and photographic surveillance of the Soviet Embassy in Mexico City. The aim is to identify and cover the movements of persons entering and leaving the Embassy, including Soviets and visitors. The intelligence collected through such activity contributes to the Station's overall Soviet operations program, mainly in support of Priority A-1, but to some extent, Priority A-4, of the Operating Directive for Mexico.

**Description:**

1. The Project operates through two fixed basehouse surveillance posts, a small photographic laboratory, a principal agent, and six sub-agents. A team of four sub-agents, operating from a basehouse, maintains visual and photographic surveillance of the Soviet Embassy front entrance. One sub-agent, operating from a second basehouse, covers an area in back of the Embassy, where Soviet officials meet, play and work. These units photograph all persons moving in or out of the specific target areas. They also maintain logs and provide written reports on observed activity. All of this material is passed to the principal agent, who passes the film to another sub-agent for processing at a laboratory equipped for that purpose. After the film is processed and printed, the principal agent passes the finished product, plus written reports and logs, to the Station case officer. A brief description of each unit, each agent and his role in the operation follows.

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2. LILYRIC (MEXI-132) is a basehouse located near the front of the Soviet Embassy. This house has been in operation since October 1966. It is rented through LIMOUSINE (201-3762), a cleared American businessman. He is the ostensible owner of record and, as the landlord, collects rent from the tenants and then passes it to the Station case officer. LIEMPTY-13 and his family (see paragraph 3 below) live in the LILYRIC house and conduct their surveillance operation from it during daylight hours (0800-1800).

3. LIEMPTY-13 (201-119961) is the key member of the LILYRIC basehouse team. He maintains contact with the principal agent and does some photographic work. However, because LIEMPTY-13 is employed outside as an industrial engineer, he is unable to spend much time operating the LILYRIC photographic equipment, and most of this work is done by his wife, LIEMPTY-14, and their sons, LIEMPTY-26 and LIEMPTY-27 (see paragraphs 4, 5 and 6 below).

4. LIEMPTY-14 (201-167367) is the main photographer and observer at the LILYRIC basehouse. She works closely with her husband, LIEMPTY-13, in running the operation, including the preparation of observation reports and logs. She also does the LILYRIC housekeeping, as any housewife would do.

5. LIEMPTY-26 (201-762111), the son of LIEMPTY-13 and LIEMPTY-14, has been a student at the Mexican Technological Institute. In his spare time he operates the LILYRIC photographic equipment, and helps LIEMPTY-14 in maintaining the arrival and departure logs of target personalities.

6. LIEMPTY-27 (201-762112), another son of LIEMPTY-13 and LIEMPTY-14, has been a prep school student. He assists in operating the LILYRIC photographic equipment and transcribes notes into a finished typewritten log of events.

7. LICALLA (MEXI-03) is a basehouse located behind the Soviet Embassy. It has been in operation since 1957. The building, a four-unit affair, collectively known as LIMUST, is Agency owned. It was purchased through LIMOUSINE in September 1957, and the property is in his name. The LICALLA site is occupied by LIEMPTY-9 (see paragraph 8 below) and he runs the surveillance operation from it.

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8. LIEMPTY-9 (201-136454) is the only agent operating from the LICALLA site. He does all the photography, maintains logs and prepares observation reports. He also maintains contact with the principal agent. LIEMPTY-9 is a part-time insurance salesman and is self-employed in the accounting business, which he conducts at the LICALLA site.

9. Raymond H. GERENDE (201-119523) has been the principal agent for this project. He is a Mexican national contract agent who is self-employed as an English teacher and also works as a salesman for a light bulb manufacturer. GERENDE has been mainly responsible for maintaining contact with the LIEMPTY agents, passing instructions to them, and collecting the product for passing to the Station case officer. He has also paid them and handled all other administrative matters. He is being terminated by the end of FY 1970 for security reasons (see Problems, paragraph 1).

10. Bruce H. FERNALD (P) (201-008189) replaced GERENDE (see paragraph 9 above) as the project's principal agent in early December 1969. FERNALD, a U.S. citizen born in June 1915, operates under non-official cover as a retired immigrant. He is responsible for maintaining contact with the LIEMPTY agents and collecting the product for passing to the Station case officer. He also handles administrative matters, including agent salary payments. FERNALD is financially covered under Project AEMAGNIFY.

11. The LIEMPTY photographic laboratory (MEXI-137) is located in a room at GERENDE's residence. It is equipped to process the photographs taken by the LIEMPTY surveillance units. The work is done by LIEMPTY-4. (See paragraph 12 below). Since GERENDE will be terminated by the end of FY 1970, the Station is taking steps to establish a new LIEMPTY photographic laboratory at a new safesite.

12. LIEMPTY-4 (201-117967) processes all the photographic film taken by the LIEMPTY photographers and makes the number of prints required. He does this work at night in the LIEMPTY photographic laboratory. He is self-employed as a medical doctor, and he is a brother-in-law of GERENDE, in whose home the laboratory is located.

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Changes:

1. The LIENTRAP mobile unit, consisting of LIEMPTY-10 and LIEMPTY-11, is being removed from Project LIEMPTY and placed under Project LIEMBRACE, which supports a unilateral physical surveillance team. The purpose of this change is to increase the size of the LIEMBRACE team in order to meet a growing demand for operational surveillance support from the various Station operating sections. The transfer will become effective at the beginning of FY 1971 and both FY 1971 project budgets have been adjusted to cover financial aspects of the change.

2. Raymond H. GERENDE was removed as the LIEMPTY principal agent in early December 1969 owing to a security problem (see Problems, paragraph 1). He was replaced on 9 December 1969 by Bruce H. FERNALD, a career agent operating under cover as a retired immigrant. The change has caused some delay in the receipt of photographs because FERNALD is unable to meet LIEMPTY agents as frequently as GERENDE had met them, but operational effectiveness is not significantly reduced by this delay. The key issue is that security and reliability of the principal agent have improved considerably.

Accomplishments:

1. Project LIEMPTY has provided continuous daily photographic and visual coverage (Monday through Saturday) of the front entrance and rear areas of the Soviet Embassy in Mexico City. All Soviet personnel and their visitors entering or leaving the Embassy have been photographed. In addition, visual surveillance reports were prepared when appropriate. These photographs and reports have contributed essential operational support to the Station's Soviet operations program.

2. Recently, LIEMPTY photographs were exclusively used to produce an updated mugbook on Soviet officials in Mexico. The book has been loaned to the FBI, AF/OSI and the 902nd Military Intelligence Group for operational use in debriefing their agents engaged in dangle operations and double agent operations against the Soviet services in Mexico City. One 902nd controlled agent was identified from an LIEMPTY photograph taken when the agent tried to contact the Soviets at

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the Soviet Embassy in Mexico City. Similarly, an AF/OSI controlled agent scheduled to meet a Soviet contact was unable to do so owing to illness, but LIEMPTY photographed another person who appeared at the meeting site and this person is believed to be the agent's Soviet case officer. Such coverage has been helpful to the 902nd, AF/OSI and the FBI in running their controlled double agent operations against the Soviets in Mexico.

3. Within one week after a biannual change of license plates on Soviet Embassy vehicles, LIEMPTY had provided a complete list of the new tag numbers, along with a complete identification of the vehicles. Among other things, this enabled the Station to identify the companions of Aleksandr Aleksandrovich NIKITIN, a known KGB officer, during his last few days in Mexico.

4. LIEMPTY has also determined that newcomers to the Soviet Embassy frequently gravitate to groupings with their RIS colleagues in the "safety" of the Embassy backyard. This fact enabled the Station to make certain tentative KGB and GRU identifications. In addition, certain TDYers have been linked up with their escort officers and clues to personal relationships have occasionally been exploited.

5. In the field of Soviet patterns of activity and associations, LIEMPTY has been able to report accurate changes in certain specific cases. LIEMPTY coverage showed that NIKITIN, mentioned in paragraph 3 above, changed his activity pattern following the defection of Raisa Yerofeyevna KISELNIKOVA, former secretary in the Commercial Mission in Mexico. The same applies to Oleg NECHIPORENKO, a Second Secretary at the Embassy and a known KGB officer. LIEMPTY also provided information on the patterns and associations of Yuriy Viktorovich KUPLYAKOV, a known KGB officer and on Valeriy Vladimirovich SOKOLIN, a known GRU officer. Coverage of Vladimir Viktorovich GORDEYEV, a suspect KGB officer, showed that he did, in fact, work in a "restricted area" at the Soviet Embassy and also established who some of his associates were. In the case of Oleg Konstantinovich IGNATYEV, who had arrived in Mexico City from Caracas, Venezuela, LIEMPTY was able to observe IGNATYEV entering and leaving in the company of Svyatoslav Fedorovich KUZNETSOV, Press Attache and First Secretary of the Soviet Embassy. IGNATYEV also visited the Soviet Embassy

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several other times during his stay in Mexico City and had contact with other known Soviet intelligence officers while visiting. This kind of information is a basic contribution to the Station's continuing efforts to identify and assess certain Soviets for possible recruitment or defection.

6. At Headquarters, the Soviet Bloc Division uses LIEMPTY photographs, particularly photographs of Soviet Embassy officials, for identification purposes in connection with defector cases. The LIEMPTY material also keeps the Station's Soviet section up-to-date on which Soviet officers have been in the Embassy, which ones have been away; who has used which car; who has been in contact with whom; and other similar information useful in the conduct of Soviet operations.

Problems:

1. A security problem has developed involving Raymond H. GERENDE. According to GERENDE, his wife wants a divorce, apparently based mainly on incompatibility of personalities. The problem basically is that both want custody of the children and this has sparked a dispute that has become more bitter and violent daily. In addition, the monetary settlement is in dispute. The problem is compounded by the fact that GERENDE's wife knows in some considerable detail of GERENDE's activities on behalf of the Agency. Thus, if the case goes to court, it could lead to the surfacing of GERENDE's Agency employment and possible compromise of LILYRIC, LICALLA and LIENTRAP. Even if the case does not go to court, GERENDE's wife could expose him as an Agency employee. Since late 1968, Mexico City Station has been in touch with both GERENDE and his wife on this problem, and every effort is being made by the Station to have both parties settle the divorce out of court, and to protect GERENDE's cover and that of the project. After weighing all factors, it has been decided that continued employment of GERENDE is not an acceptable risk, and the decision has been reached to terminate him by the end of FY 1970. GERENDE will be paid a termination bonus of \$10,000 for 15 years service, about \$1,250 more than the \$8,750 his contract calls for, in order to ensure that the termination is amicable and thereby preserve

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project security. In addition, his wife, LIEMPTY-19 will be given \$2,500 as a security measure designed to keep her from revealing what she knows about project operations. The FY 1970 budget is being amended to cover this amount.

2. Other aspects of security continue relatively unchanged. All the agents still have jobs to backstop their Agency wages. The Station is compartmented from the action agents through FERNALD, whose contact with the sub-agents is reasonably well covered by his status as a retired immigrant. FERNALD has been meeting LIEMPTY-9 and LIEMPTY-13 since 9 December 1969. Brief meetings are held once each week at pre-arranged times and places, well away from the target area. Occasionally emergency meetings are called, by phone, if special coverage is desired. FERNALD also meets LIEMPTY-4 to exchange films and prints. These meetings are held weekly at pre-arranged times and places. FERNALD can change meeting plans by calling LIEMPTY-4 directly by telephone. In addition, LIEMPTY-4 has been given a special extension in the Station through which he may call as "Dr. Carlos" to leave a message for "Victor" (FERNALD). The Station case officer maintains weekly clandestine contact with FERNALD in order to manage the operation and collect the product.

#### Coordination:

Ambassador McBride has not been briefed on Project LIEMPTY.

#### Future Plans:

1. The surveillance units are expected to continue to produce valuable information in the form of photographic coverage and visual surveillance reports on the daily movements, personal associations, and habit patterns of persons frequenting the Soviet Embassy, including Soviet officials. Operational procedures and the project mechanism will continue as it has in the past, except that Bruce H. FERNALD, a new principal agent, will be in charge of the operation (see Changes, paragraph 2).

2. The Project does not include an up-dated plan for emergency contact during violent action or government overthrow. The Station has been requested to prepare an up-dated emergency contact plan and submit it to Headquarters in the first FY 1971 quarterly progress report.

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Costs:

1. General: \$23,635 are requested for FY 1971. It is requested that the project be amended for FY 1970 in the amount of \$10,498 (from \$38,970 to \$49,468) in order to cover termination payments to Raymond H. GERENDE and his wife, LIEMPT-19.

2. Source of Funds: Project LIEMPT is included in the Western Hemisphere Division's FY 1971 Operating Program in the amount of \$40,000. Funds for the FY 1970 amendment will be absorbed in the current WH Division's finance allocation.

3. Project Budget:

	FY 1970 Estimated Obligations	FY 1971 Request	FY 1972 Projection
Raymond H. GERENDE			
Salary	\$ 8,500	\$ -0-	\$ -0-
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LIEMPT-10 Salary	4,224	-0-	-0-
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LIEMPT-13 Salary	1,836	1,890	1,690
LIEMPT-14 Salary	1,824	2,006	2,006
LIEMPT-26 Salary	672	739	739
LIEMPT-27 Salary	1,728	1,901	1,901
LICALLA Safehouse Rent (MEXI-03)	1,248	1,373	1,373
LILYRIC Safehouse Rent (MEXI-132)	2,880	2,880	2,880
Safehouse Utilities	1,100	1,200	1,300
GERENDE Dark Room Rent (MEXI-137)	960	-0-	-0-
NY-2823* and 2947 Maintenance	1,200	600	600
Property Maintenance and Replacement	500	500	500
Photographic and Other Supplies	1,000	1,000	1,000
Christmas Bonuses	2,140	2,354	2,354
LIEMPT-19 Termination Bonus	2,500	-0-	-0-
GERENDE Termination Bonus	10,000	-0-	-0-
<b>TOTAL</b>	<b>\$49,468</b>	<b>\$23,635**</b>	<b>\$23,735</b>

\*NY-2823 to be sold in FY 1970 and not replaced.

\*\*Decrease from FY 1970 figure due to GERENDE termination.  
His replacement is covered under Project AEMAGNIFY.

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4. Foreign Currency: There is no special need for foreign currency. No non-CIA funds are used.

5. Commitments: Christmas bonuses to all agents totaling \$2,354 for FY 1971, and termination pay in an amount to be determined by the agents record and length of service.

6. Funding: Funds are hand-carried from the Station case officer to FERNALD, and from FERNALD to the sub-agents. The transfer of funds takes place under clandestine meeting conditions, and appropriate security measures are always taken.

7. Accountability: FERNALD accounts in detail to his case officer, who in turn submits receipts to the Station and certifies that funds were spent to cover expenses for which it was intended.

8. Annexes: None

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USE ONLY☐ CONFIDENTIAL☒ SECRET

## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

## LIEMPT Project Renewal Request

FROM:		EXTENSION		NO.
WH/1/Robert Hazen		4167		
TO: (Officer designation, room number, and building)		DATE		DATE
		RECEIVED	FORWARDED	
1.	C/WH/1	10 APR 1970		cm
2.	C/WH/B&F	10 APR 1970		cm
3.	C/WH/LOG	4/13	4/13	24
4.	C/WH/SS		4/13-70	cm
5.	SB/X/WH			
6.	C/WH/RE	4/15		m
7.	C/WH/FI	15 APR 1970		cm
8.	C/WH/Plans	21 APR 1970	4/21	cm
9.	C/WH/D	21 APR 1970		J.H.
10.	WH/FI	22 APR 1970		cm
11.	MFS/B&F/FI	21 APR 1970	28 MAY 1970	cm
12.				
13.	WH/FI 303113			cm
14.	WH/1			cm
15.				

1-2:  
Please take the extra  
FY 70 funds from  
Project LIARNIC.  
cm

FY 70 FUNDS AVAILABLE

Funds included in the  
FY 71 Ops Program.  
6-7 not applicable

Field informant and copy  
sent HMM-W-17950.

FORM  
1-62

610

USE PREVIOUS  
EDITIONS☒ SECRET☐ CONFIDENTIAL☐ INTERNAL  
USE ONLY☐ UNCLASSIFIED

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STAFF REVIEW OF FI/CI PROJECT				RETURN TO:	
PROJECT <b>LIEMPTY</b>		FUNDS FY 70 Amendment \$10,498 FY 71 Renewal \$23,635		MPS/BO/FI-CI Projects <b>3 C 43</b>	
CASE OFFICER <b>Jack Barry</b>		EXTENSION <b>4167</b>	ROOM <b>3 E 05</b>	RECEIVED DDP/PO <b>23 Apr 70</b>	
DIVISION <b>WH</b>		STATION <b>Mexico City</b>	TARGET AREA <b>Mexico</b>	FORWARDED <b>23 Apr 70</b>	
ACTION		APPROVAL LEVEL	REVIEWING COMPONENTS		
APPROVAL		DIVISION OR STAFF	<input checked="" type="checkbox"/> FI/OPS	<input checked="" type="checkbox"/> CI/OPS	<input checked="" type="checkbox"/> CCB
<input checked="" type="checkbox"/> RENEWAL	<input checked="" type="checkbox"/> DDP		/INT		<input checked="" type="checkbox"/> OTHER
<input checked="" type="checkbox"/> AMENDMENT	DCI		/D		<b>NSP</b>
<input type="checkbox"/> EXTENSION					
<input type="checkbox"/> TERMINATION					
ROUTING OFFICE COMMENTS					
COMMENT FOR INTERNAL STAFF USE (Not to go forward to the Division)					
COMMENTS AND RECOMMENDATIONS (To go forward to the Division)					
<p>The CI Staff concurs in the renewal of this extremely valuable operational support project. The Staff desires to be kept informed on all security developments and repercussions resulting from the divorce problems of Gerende (P) and his wife. The Staff urges the Station to continue its all-out efforts to keep this divorce out of the courts.</p> <p style="text-align: right;">CI STAFF DIV.</p> <p style="text-align: right;">DATE <u>12 MAY 1970</u></p>					
DATE <u>11 June 1970</u>		REVIEWING OFFICER <u>[Signature]</u>			

FORM 526 OBSOLETE PREVIOUS EDITION

SECRET

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

(13-20)



SECRET

19 MAY 1970

MEMORANDUM FOR : Assistant Deputy Director for Plans  
THROUGH : MPS/BG  
SUBJECT : Renewal of Project LIEMPTY

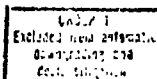
1. WH Division requests renewal of Mexico City Station's Operational Support Project, LIEMPTY, for \$23,635 for Fiscal Year 1971 and a \$10,498 amendment for FY 1970 to cover termination payments to a former Principal Agent and his wife. Last year LIEMPTY was approved for \$38,970. One agent termination and the transfer of the cost of a mobile surveillance unit to another project are responsible for the reduced FY 1971 request.

2. LIEMPTY supports a visual and photographic surveillance of the Soviet Embassy in Mexico City. It includes a Principal Agent, Raymond H. GERENDE (P), and 6 subagents who maintain two separate safehouses, one in front and one in the rear of the Soviet Embassy, from which anyone entering or leaving the Embassy can be observed and photographed. The various members of the team handle and service the photographic equipment, develop and print photographs, keep observation reports and logs, including the arrival and departure of target persons, and maintain the two safehouses mentioned above.

3. This project does not provide positive intelligence, except incidentally. It is designed to furnish a running account, both photographic and in writing, of all Soviet Embassy personnel and their visitors arriving at, or leaving, the Embassy. Photographs taken by LIEMPTY personnel were used to produce an updated "mugbook" on Soviet officials in Mexico which has been loaned to other US security agencies for operational use in activities targeted against Soviet services in Mexico City. LIEMPTY agents also provided information which enabled the Station to identify the companions of known KGB officials, to identify the habit patterns of new arrivals at the Soviet Embassy and provided a wealth of other information of operational value concerning Soviet Embassy activities.

4. A security problem, resulting in a Station decision to restrict the activities of GERENDE, place him on half pay, and replace him with a career agent (a valuable asset who

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also handles SB operations) arose during the project year. GERENDE has been having marital difficulties which may end in divorce. Along with other incompatible features of the marriage, which have resulted in numerous family fights, there have been long, bitter and violent arguments as to who will have custody of their 4 children and concerning a monetary settlement. The Station has become involved in these altercations because GERENDE's wife is knowledgeable of his CIA relationship and could, if she chose to do so, expose him as an agency employee. She has promised to keep quiet but there is no assurance that she will do so. In view of the risk involved, should GERENDE's wife expose his agency relationship and in view of the fact that, despite his 15 years of service and his undisputed ability and experience, other unfavorable qualities militate against his retention, the Station is considering terminating GERENDE. It is proposed to pay him a termination bonus of \$10,000 for 15 years of service in accordance with Mexican law and his wife \$2,500 as a security measure designed to keep her quiet. After discussion with the desk, FI Staff believes that, if GERENDE is paid the \$10,000 termination money, it should not be given to him in one lump sum but should be paid on a monthly basis, the amount per month to be determined by the Station, thus eliminating the possibility of his squandering it all at once and possibly coming back for more of the same. The same procedure should be followed in the \$2,500 payment to his wife. In both cases at least an element of control is assured in that both GERENDE and his wife will know that continued receipt of their monthly payments will depend upon their continued loyalty to the agency. In the meantime, we feel this man, whose morale, and ability have been seriously affected by his marital strife, given time, can perhaps be rehabilitated and once again become a valuable Station asset. This would ensure his continued loyalty and give him an income out of which to pay his alimony. Aside from the foregoing there were no other problems, security or otherwise. All meetings between the case officer and the new Principal Agent are held under secure conditions, or more often if necessary, at prearranged dates, times and places. Meetings between the P/A and the subagents are held under similar conditions. The Station has been requested to submit an updated emergency re-contact plan to be included in the first FY 1971 quarterly program report for this project.

5. Agents' salaries, safehouse rentals, motor vehicle maintenance and travel, property maintenance and Christmas bonuses will total \$23,635. Despite the security aspects related to the marital difficulties of the erstwhile P/A,

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this is an excellent operation which has been described by the Station as representing a highly effective and highly useful support mechanism. SB Division has stated that, although relatively inexpensive, it is a very worthwhile and valuable project. FI Staff recommends approval with the stipulation that the recommendation with respect to payment of termination bonuses to GERENDE and his wife be carried out.

  
Peer de Silva  
Chief  
Foreign Intelligence

Attachment  
Project

**SECRET**

**PREVIOUS PROJECT ACTION**

SECRET FUNDING  
(When Filled In)

NO. 2  
(DOCUMENT # FOR  
THIS PROJECT)

DATE 21 Feb 70

NOTIFICATION OF PROJECT APPROVAL ACTION

TO: CHIEF OF STATION (BASE) San Francisco

ATTENTION: FINANCE OFFICER

INFO: \_\_\_\_\_

PROJECT LIBRARY FAN 125-1024

TYPE OF ACTION PERIOD OF ACTION 12/6/69 TO 20 Jan 70 AMOUNT \$ —

NEW	_____	PREVIOUS ACTION IN THIS FISCAL YEAR	<u>38970</u>
RENEWAL	_____	TOTAL FISCAL YEAR APPROVAL	<u>54770</u>
EXTENSION	_____		
TERMINATION	_____	FUNDS AVAILABLE FOR HQS USE	<u>500</u>
AMENDMENT	_____	FUNDS AVAILABLE FOR FIELD USE	<u>31,200</u>
OTHER	<u>1*</u>	<u>* Funding reduced to \$36500</u>	

CHIEF, WH/B&F \_\_\_\_\_

HQS USE ONLY

PROCESSED	APPROVED	TYPE OF ACTION	PERIOD	AMOUNT
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SECRET  
(When Filled In)

SECRET  
(When Filled In)

FUNDING

NO. 1  
(DOCUMENT # FOR  
THIS PROJECT)

DATE 7/7

NOTIFICATION OF PROJECT APPROVAL ACTION

TO: CHIEF OF STATION (BASE) Trifco City

ATTENTION: FINANCE OFFICER

INFO: \_\_\_\_\_

PROJECT LICENTY FAN 6135-1009

TYPE OF ACTION PERIOD OF ACTION 1/1 TO 7/7 AMOUNT \$ 200.00

NEW \_\_\_\_\_ PREVIOUS ACTION IN THIS FISCAL YEAR  
RENEWAL / TOTAL FISCAL YEAR APPROVAL  
EXTENSION \_\_\_\_\_  
TERMINATION \_\_\_\_\_ FUNDS AVAILABLE FOR HQS USE  
AMENDMENT \_\_\_\_\_ FUNDS AVAILABLE FOR FIELD USE  
OTHER \_\_\_\_\_

CHIEF, WH/B&F \_\_\_\_\_

HQS USE ONLY

<u>PROCESSED</u>	<u>APPROVED</u>	<u>TYPE OF ACTION</u>	<u>PERIOD</u>	<u>AMOUNT</u>
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(When Filled In)

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PROJECT APPROVAL NOTIFICATION										
PROJECT <b>LIBERTY</b>		<input type="checkbox"/> CA <input checked="" type="checkbox"/> FI/CI		<input type="checkbox"/> PROPRIETARY <input type="checkbox"/> SUBSIDY <input type="checkbox"/> DIRECT						
ACTION				AREA						
NEW PROJECT		DIVISION <b>WH</b>		BRANCH <b>WH/1</b>						
AMENDMENT										
<b>E</b> RENEWAL		DESK <b>Mexico</b>		CASE OFFICER <b>Al Malone</b> EXTENSION <b>6954</b>						
TERMINATION										
EXTENSION		OTHER								
AUTHORIZATION										
APPROVING AUTHORITY <b>ADDP</b>				TOTAL AMOUNT APPROVED		FY		AMOUNT		
PERIOD OF APPROVAL FROM <b>1 July 1969</b> TO <b>30 June 1970</b>				<b>\$ 30,970</b>		1967		<b>830,970</b>		
						1968				
				FINANCIAL CODE SYMBOL		<b>0035-1009</b>				
CONDITIONS OF APPROVAL										
SIGNATURE <b>(Signed) E. H. Hines</b>						DATE <b>18 AUG 1969</b>				
DISTRIBUTION										
1	FINANCE DIVISION	1	1	BUDGET DIVISION	1	OPERATING DIVISION CHIEF OF SUPPORT	1	CASE OFFICER	2	NPS' BG

FORM 849 USE PREVIOUS EDITIONS.

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GROUP 1  
EXCLUDED FROM AUTOMATIC DOWNGRADING  
AND DECLASSIFICATION

(5)

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5 JUN 1969

MEMORANDUM FOR: Assistant Deputy Director for Plans

THROUGH : MPS/BG

SUBJECT : FY 1970 Renewal of Project LIEMPTY for \$38,970

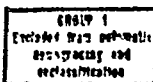
1. Project LIEMPTY, now in its eleventh year, is the Mexican Station's operation which provides visual and photographic surveillance of the Soviet Embassy from safehouses at the front entrance and back of the building, as well as from a mobile unit. All Soviet personnel and their visitors coming to the Embassy are photographed. From 1 November 1967 to 31 December 1968, approximately 21,367 photographs were taken and thousands of pages of surveillance reports were completed by personnel in this project. SB Division is pleased with the quantity and quality of the photographs and the Station finds them useful for operational purposes against the SB target. During the past year several U.S. citizens entered the Soviet installation in Mexico City and their photographs were identified by the FBI. There is a good relationship between the Station and the FBI in Mexico City and appropriately sterilized photographs are passed locally.

2. There have been no significant security problems.

3. The only changes in the project have been the elimination of one of the safehouses, which was used as an observation post, and termination of the agent who attended it. No real loss resulted from this change since the safehouse was so located that photographs taken from it overlapped those taken from another safehouse. The agent who serviced the facility was getting too old to do an efficient job and was terminated amicably. Also during the past year a new agent was added to the project.

4. Total funds requested for FY 1970 are \$38,970. Salaries and legally required bonuses for nine agents come to \$30,080; safehouse rental and maintenance amounts to \$6,188; maintenance of two vehicles, \$1,200; and photo and operational expenses, \$1,500. FY 1969 approval was for \$43,520 and estimated obligations for this period are \$43,500. A new, \$5,000 vehicle was purchased in FY 1969 and none is needed in FY 1970 which accounts for the reduction in costs for the present year.

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5. Project LIEMPTY contributes substantially to the Mexican Station's SB effort. The occasional identification of U.S. nationals in contact with the Soviets could have an important bearing on National Security. The operation is handled by an experienced and capable, outside contract agent under the direction of a Station officer which provides good security and personnel economy. It is a well managed and productive operational support mechanism necessary to Station operations. FI Staff recommends approval.



Peer de Silva  
Chief  
Foreign Intelligence

Attachment  
Project

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STAFF REVIEW OF FI/CI PROJECT				TURN TO:	
PROJECT <b>LIEMPTY</b>		FUNDS <b>\$38,970</b>		MPS/BG/FI-CI Projects <b>3 C 43</b>	
CASE OFFICER <b>Al Malone</b>		EXTENSION <b>6954</b>	ROOM <b>3 E 04</b>	RECEIVED DDP/PG <b>27 May 69</b>	
DIVISION <b>WH</b>		STATION <b>Mexico</b>	TARGET AREA <b>MEXICO CITY</b>	FORWARDED <b>27 May 69</b>	
ACTION		APPROVAL LEVEL	REVIEWING COMPONENTS		
APPROVAL		DIVISION OR STAFF	<input checked="" type="checkbox"/> FI/OPS	<input checked="" type="checkbox"/> CI/OPS	<input checked="" type="checkbox"/> CCS
<input checked="" type="checkbox"/> RENEWAL	<input checked="" type="checkbox"/> DDP		/INT		<input checked="" type="checkbox"/> OTHER
AMENDMENT	DCI		/D		OPSER/P
EXTENSION					
TERMINATION					
ROUTING OFFICE COMMENTS <i>Yours truly</i>					
COMMENT FOR INTERNAL STAFF USE (Not to go forward to the Division)					
COMMENTS AND RECOMMENDATIONS (To go forward to the Division) <i>The CI staff concurs in the renewal of this extremely valuable operational support project.</i>					
CC SENT DIV.					
DATE <i>10 July 69</i>					
DATE <i>10 July 1969</i>		REVIEWING OFFICER <i>W. S. W. Hughes</i>			
FORM 526 OBSOLETE PREVIOUS EDITION		SECRET		GROUP 1 Excluded from automatic downgrading and declassification (13-20-40) <i>50-6 74</i>	

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(When Filled In)

PROJECT ACTION				PROJECT CRYPTONYM			
				LIEMPTY			
	TYPE OF ACTION	X	F/C	CA	OTHER		
	NEW PROJECT APPROVAL	DIVISION Western Hemisphere Division					
	AMENDMENT NO.	FIELD STATION Mexico City					
	RENEWAL FY 1967	BRANCH One		DESK			
	EXTENSION	CASE OFFICER Al Wilson				DATE 4 April 69	
	TERMINATION	ROOM NO. 3E04	BUILDING Hqs.	TEL. EXT.	RED 9041	BLACK 6954	
CONCURRENCES OF DIVISIONS							
ORGANIZATIONAL ELEMENT	TYPED NAME (and signature)			DATES IN OUT		MEMO ATTACHED YES NO	
C/WH/1	W. J. Kaufman			4/4/69	4/4/69	✓	
C/WH/B&F	Elliott C. Want			4/7	4/7		
C/WH/SS	George R. Thompson			10 Apr 69		✓	
C/WH/PI	James B. Noland			18 Apr 69	18 Apr 69		
WH/EXO	Donald C. Marcus			21 APR 1969	20/4		
C/WH/D	William V. Broe			12 MAY 1969	24 MAY 1969		
CONCURRENCES OF OTHER COMPONENTS							
				DATES IN OUT		MEMO ATTACHED YES NO	
SBK/WH	L. MESTRES			14-4	14-4	✓	
FI Staff	P. de Sil			5 JUN 1969	5 JUN 1969	✓	
CI Staff	/S/ F. W. Hughes				10 Jul 69		
CCS/PRG	/S/ Walter M. Pillsbury				5 Jun 69		
OPSER/P	/S/ Gerard Droller				28 May 69		
C/MPS/BG	S. M. Jones			14 Aug 69	14 Aug 69		
APPROVAL							
	PERIOD FROM TO		AMT THIS ACTION	FY	TOTAL AMOUNT		
	1 July 1969 30 June 1970		\$ 38,970	1969	\$ 38,970		
APPROVING AUTHORITY A/DDP			SIGNATURE Carl Kiley		DATE 15 Aug 69		

FORM 12-66 848 OBSOLETE PREVIOUS EDITIONS

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22 Jun 1969

MEMORANDUM FOR: Deputy Director for Plans

SUBJECT : LIEMPTY Project Renewal (FY 1970)

1. Renewal is requested for the LIEMPTY Project for the period 1 July 1969 through 30 June 1970 (FY 1970) in the amount of \$38,970. Funds are available in WH Division. \$45,000 was programmed for FY 1970.

2. LIEMPTY is a project supporting Soviet operations of the Mexico City Station. It provides for two basehouses, a photo surveillance vehicle, and personnel for photographic and visual surveillance of the Soviet Embassy. Presently, two fixed surveillance points near the Embassy provide the location from which the photographs are taken and observers are stationed. One basehouse is adjacent to the rear of the Embassy, where Soviet officials meet, play and work. The other basehouse is across the street from the front of the Embassy and gives a direct view of every person entering or leaving. There is also a mobile photographic unit (a VW van) which is now used in support of all Mexico City Station operations and in conjunction with the LIEMBRACE surveillance team (used primarily against Soviet targets). Raymond H. GERENDE, an indigenous contract agent, is the principal agent of the operation and meets daily with the basehouse keepers and subagents.

3. LIEMPTY contributes significantly to the Station's Soviet operations program and is considered an essential element of the Station's support apparatus. During the period 1 November 1967 through 31 December 1968, approximately 21,367 photographs were taken. In response to a request to SB Division for an evaluation of the project, the following comment was received: "There are few such sources of high resolution photographs of Soviets, especially giving good side views. These photos are welcomed by SB Division since they furnish a steady flow of up-to-date identity data..." The photos are useful to the Station in confirming the identities of Soviet personnel and visitors to the

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Embassy, some of whom are U. S. citizens. During the past year, several of these U. S. citizens were identified with the help of the photos (which were passed to the FBI). Furthermore, the movements and habits of the Soviets are studied, and more knowledge is acquired on their friends and associates, especially Mexican nationals. This information is useful in target studies. For example, the senior TASS representative, a known KGB officer, is a recruitment target. He is under intensive operational scrutiny for leads developed from knowledge of his activities and contacts. LIEMPTY support is an integral part of this current developmental activity.

4. During the past year, one of the three basehouses was closed, leaving two, and the agent attending it was terminated. This was done because the agent was becoming less effective with age, and because there was some overlap between the photos taken from this basehouse and those of another. The termination was amicable, and the working hours of the personnel of the other basehouse were extended slightly. Another agent was also hired to help. This new agent is of the same family as the rest of the personnel occupying the basehouse, and no additional security risks are anticipated from this addition.

5. There have been no security or administrative problems. The Station and GERENDE are constantly on the alert for any sign that the Soviets are aware of the surveillance activities. While it is quite possible that the Soviets are aware of the surveillance, so far indications are that they are at least not fully aware, since no effort is made by them to avoid being photographed, even when having meetings with contacts in the rear of the Embassy.

6. Approval is recommended of this valuable operational support project.

*William V. Broe*

William V. Broe  
Chief  
Western Hemisphere Division

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☐ UNCLASSIFIED

☐ INTERNAL  
USE ONLY

☐ CONFIDENTIAL

☒

### ROUTING AND RECORD SHEET

SUBJECT: (Optional)

LIEMPT Project Renewal for FY 1968

FROM:

WH/1/Nancy Perkins

EXTENSION

6954

NO.

DATE

13 December 1967

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S  
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.	C/WH/1			WHP
2.	C/WH/BAF	12/28		WHP
3.	C/WH/Log C/WH/Support	2 Jan 68	11/2	WHP
4.	SR/O/OWH 5B.0001 C/WH/RE	5 Jan 68	8 Jan 68	WHP
5.	C/WH/FI WH/EXO	12 Jan 68	23 Jan 1968	WHP
6.	D C/WHED	29 JAN 1968		E
7.	WH/FI	30 JAN 1968		WHP
8.	MPS/BO/FI	30 JAN 1968		WHP
9.	WH/FI 3D.3/13	14 Jan 1968		WHP
10.	WH/1/Nancy Perkins			
11.				
12.				
13.				
14.				
15.				

### FY 68 FUNDS AVAILABLE

Project has 2 vehicles on TVA. 2 "retired" vehicles in a continuing loan expiring 90 days, will require additional set on TVA. DWS

To the best of branch knowledge, rental of vehicles would be on an ad hoc, short term basis. NP.

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☐ INTERNAL  
USE ONLY

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PROJECT APPROVAL NOTIFICATION					
PROJECT <b>SECRET</b>		<input type="checkbox"/> CA <input checked="" type="checkbox"/> PL CI		<input type="checkbox"/> PROPRIETARY <input type="checkbox"/> SUBSIDY <input type="checkbox"/> DIRECT	
ACTION			AREA		
NEW PROJECT			DIVISION <b>MB</b>		
AMENDMENT					
<b>I</b> RENEWAL			BRANCH <b>MB/1</b>		
TERMINATION			DESK <b>Mexico</b>		
EXTENSION					
OTHER			CASE OFFICER <b>Manny Perkins</b>		EXTENSION <b>6954</b>
AUTHORIZATION					
APPROVING AUTHORITY <b>AIDP</b>			TOTAL AMOUNT APPROVED	FY	AMOUNT
			<b>69,725</b>	1969	<b>326,205</b>
PERIOD OF APPROVAL				1969	<b>43,520</b>
FROM <b>1 December 1967</b> TO <b>30 June 1969</b>			FINANCIAL CODE SYMBOL	<b>0135-1009</b>	
CONDITIONS OF APPROVAL					
SIGNATURE <b>[Signature]</b>				DATE <b>18 JUL 1967</b>	
MPS/BG					
DISTRIBUTION					
1	FINANCE DIVISION	1	BUDGET DIVISION	1	OPERATING DIVISION CHIEF OF SUPPORT
				4	CASE OFFICER
					MPS/BG

FORM 849 USE PREVIOUS EDITIONS.  
6-66

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GROUP 1  
EXCLUDED FROM AUTOMATIC DOWNGRADING  
AND DECLASSIFICATION

(8)

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(When Filled In)

PROJECT ACTION						CRYPTONYM		
						LIENPTY		
	TYPE OF ACTION	<input checked="" type="checkbox"/>	FI/CI	CA	OTHER			
	NEW PROJECT APPROVAL	DIVISION <b>Western Hemisphere Division</b>						
	AMENDMENT NO.	FIELD STATION <b>Mexico City</b>						
	<input checked="" type="checkbox"/> RENEWAL FY 196	BRANCH <b>One</b>			DESK			
	EXTENSION	CAPT OFFICER <b>Nancy Perkins</b>				DATE <b>21 Dec 67</b>		
	TERMINATION	ROOM NO. <b>3B 4403</b>	BUILDING <b>Hqs</b>	TEL. EXT.	RED <b>9041</b>	BLACK <b>6954</b>		
CONCURRENCES OF DIVISIONS								
ORGANIZATIONAL ELEMENT	TYPED NAME (and signature)				DATES		MEMO ATTACHED	
					IN	OUT	YES	NO
C/WH/1	W. J. Kaufman <i>[Signature]</i>							
C/WH/B&F	Elliott C. Want <i>[Signature]</i>				12/27	12/28		✓
C/WH/SS	George R. Thompson <i>[Signature]</i>				2	2		✓
C/WH/FI	Thomas Polgar <i>[Signature]</i>				18	18		
WH/EXO	Donald C. Marelius <i>[Signature]</i>				29	29		
C/WH/D	William V. Broe <i>[Signature]</i>				30 JAN 1968	30 JAN 1968		
CONCURRENCES OF OTHER COMPONENTS								
					DATES		MEMO ATTACHED	
					IN	OUT	YES	NO
SP/O/WH	Jonathan S. Hauke <i>[Signature]</i>				3 Jan 68	3 Jan 68		✓
FI Staff	/s/Robert E. Anderson					8 May 68		
CI Staff	/s/Frank W. Hughes					26 Feb 68		
C/MPS/BG	<i>[Signature]</i>					27 May 68		
APPROVAL								
	PERIOD		AMT THIS ACTION	FY	TOTAL AMOUNT			
	FROM	TO						
	1 Dec 67	30 June 69	\$ 69,725	1968	\$ 26,205			
				1969	\$ 43,520			
APPROVING AUTHORITY			SIGNATURE		DATE			
A/DDP			<i>[Signature]</i>		10 May 68			



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FI 'EMPTY' - DIP

STAFF REVIEW OF FI/CI PROJECT				RETURN TO:	
PROJECT		FUNDS		NPS/BG/FI-CI Projects	
EMPTY		\$69,725 (12 mos)		1 G 41	
CASE OFFICER Nancy Perkins		EXTENSION 6954	ROOM 3 B 4403	RECEIVED DDP/PG	1/30
DIVISION WH		STATION Mexico City	TARGET AREA Mexico	FORWARDED	1/30
ACTION		APPROVAL LEVEL	REVIEWING COMPONENTS		
APPROVAL	DIVISION OR STAFF	X FI/OPS	X CI/OPS	CCS	OTHER
X RENEWAL	X DDP	/INT			
AMENDMENT	OCI	/A			
EXTENSION					
TERMINATION					
ROUTING OFFICE COMMENTS					
COMMENT FOR INTERNAL STAFF USE (Not to go forward to the Division)					
COMMENTS AND RECOMMENDATIONS (To go forward to the Division)					
<p>The CI Staff concurs in the renewal of this extremely valuable project. The Staff strongly urges that the Station continue to be constantly alert for any Sov. interest in the project's agents and installations and in particular any Sov. investigation or activities against same--also, Station contingency plans should be formulated to cope with such Sov. interest or activities.</p>					
CC SENT DIV.					
DATE 27 Feb 68					
DATE			REVIEWING OFFICER		

SECRET

MPS/BG/FI  
8 May 68

PROJECT BRIEFING

PROJECT : LIEMPTY

WH - Mexico

ACTION : ADD/P approval of renewal (19 mos.)

1 Dec 67 - 30 Jun 69

PURPOSE : An operational support project providing three basehouses and a mobile surveillance unit to monitor primarily the Soviet Embassy, its personnel and its visitors, by physical and photographic surveillance.

BACKGROUND: The project covers three properties near the Soviet Embassy (two in front of the Embassy's sole entrance and one behind the garden) from which visual and photographic surveillance is carried out. It also covers a darkroom and a mobile photographic truck. Some of the project personnel are used at times for miscellaneous support tasks such as servicing postal boxes and for counter-surveillance and other protective services.

PROGRESS: During the past year the project provided nearly all of the operational photographs and physical surveillance reports used in the Station's operations against the Soviet Embassy and its personnel. SB Division says, "This rather unique operation has unquestionably made a major contribution to the increasingly effective Soviet Operations program of the Mexico Station."

The project produces primarily operational data and counterintelligence information. It provides leads, evidence of which Soviet officers have been in the Embassy and which ones have been away, who has used which car, who has been talking to whom or going out of the building with whom. (One photograph from this project was used in the Warren Commission Report.)

FUNDS : \$69,725 (19 mos.) (Programmed FY 69 \$46,000)

	<u>FY 68 (7 mos.)</u>	<u>FY 69</u>
Salaries (9) and bonuses	\$19,475	\$32,020
Vehicle maintenance	1,165	2,000
Rent and utilities	4,665	8,000
Equipment	300	500
Operational expenses	600	1,000
	<u>\$26,205</u>	<u>\$43,520</u>

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**SECRET.****PREVIOUS  
APPROVALS:**

1 Dec 66 - 30 Nov 67	\$45,000
1 Dec 65 - 30 Nov 66	41,500
1 Dec 64 - 30 Nov 65	45,300
1 Dec 63 - 30 Nov 64	49,700
1 Dec 62 - 30 Nov 63	49,900
1 Dec 58 - 30 Nov 59	95,380

**STAFF  
RECOMMENDATIONS:** FI and CI Staffs concur.

**SECRET.**

8 NOV 1968

MEMORANDUM FOR: Assistant Deputy Director for Plans  
THROUGH: MPS/BG  
SUBJECT: Project LIEMPTY

1. WH Division requests renewal of LIEMPTY for the 19-month period 1 December 1967 through 30 June 1969 in the amount of \$69,725. While this represents a slight reduction on a pro rata basis from the \$45,000 for which LIEMPTY was approved for the 12-month period starting 1 December 1966, it reflects a proportionately modest increase in cost for the 19-month renewal period over the estimated total disbursement of \$40,130 for the past project year. This will provide for small salary increases to meet the rising cost of living for certain of the agents involved in the project who have not received raises in some time as well as for slightly higher rental fees for the various basehouses. The project, now in its tenth year, is designed primarily to provide for the collection of operational information on the Soviet Embassy in Mexico City, including the identification and movements of its personnel and visitors. To this end, LIEMPTY provides for the maintenance and exploitation of three basehouses for fixed visual and photographic surveillance of the Soviet Embassy and a mobile basehouse in the form of a panel truck used for mobile photography against the Polish Embassy, leaders and meeting sites of local communist parties, and other targets of opportunity. An important corollary objective of LIEMPTY is operational support in the form of countersurveillance for Agency personnel and operations, including those of other bases and stations as the needs and requirements of the Mexico Station permit. The funds requested include \$43,520 for the period 1 December 1967 through 30 November 1968 and an additional \$26,205 to cover the period 1 December 1968 through 30 June 1969. The latter funds are asked for in a supplemental request to put the project on a fiscal year basis.

2. A long-term contract agent and eight other support agents are involved in the management and operation of the

14-00000

LIEMPTY facilities and in surveillance activities directed at the primary Soviet target. Some of these agents are used also in dark room photographic processing, letter drop, and, on occasion, moving surveillance activities.

3. This project is only part of the complex of Mexico City Station instruments for meeting requirements from a number of U.S. agencies, including the FBI. It is clearly an effective, well-managed support operation serving important needs.

4. No major or significant changes in LIEMPTY personnel or operational techniques have been introduced nor have there been any known incidents adversely affecting the security of the project or its personnel since the previous project renewal period. As a unilateral operational support effort, LIEMPTY continues to be a most useful station asset supporting a number of station activities. In spite of small increases in costs as discussed above, the project is considered to be holding the line on cost and personnel.

5. The objectives of project LIEMPTY are in direct support of priority A objectives 1, 2, and 4 of the current Operating Directive for Mexico. It is considered by SB Division to have made significant contributions to the Station's well developed, high priority Soviet Operations Program. During the past year the various LIEMPTY base-house installations produced valuable information in the form of photographic coverage and physical surveillance reports on the daily movements, personal associations and habit patterns of selected targets of special interest. In numerous instances this coverage confirmed the specific intelligence service connections of Soviet officers in the Embassy. Often the identities of Mexicans and nationals of other countries in contact with the Soviets were established. The mobile panel truck unit was exploited regularly to provide information on not only the Soviets but also the Cuban target as well as local Communist Party targets.

  
Glenn Fields  
Chief  
Foreign Intelligence

Attachment  
Project

LIEMPTY PROJECT RENEWALS  
THROUGH FY 1968

(RENEWALS FOR FY 1969 AND  
FY 1970 ARE IN PROJECT  
RENEWAL FILE)

SECRET  
MPS/BG/FI  
11 Jan 67

# PROJECT BRIEFING

PROJECT: LIEMPTY

WH - Mexico City

ACTION : ADD/P approval of renewal

1 Dec 66 - 30 Nov 67

PURPOSE: Provides stationary surveillance against the Soviet Embassy and a mobile photographic basehouse which is used primarily against the Polish Embassy and local Communist party leaders.

PROGRESS: Three basehouses (LIMITED, LILYRIC and LICALLA) provide coverage of both the front and rear of the Soviet Embassy. Throughout the past renewal period each operational component contributed actively and concretely to the fulfillment of the operational tasks levied on the Station. In the first nine-month period approximately 17,000 individual frames of operational photographs were provided from the fixed basehouses. These served to confirm the identities of Embassy personnel and their visitors and provided detailed reporting on the movement and habit patterns of selected targets of special interest. The mobile unit (LIENTRAP) provided over 1,000 individual photographs. Of particular value were photographs of local and exile Communist leaders. Raymond H. GERENDE (p) continued in the role as principal agent for Project LIEMPTY. His overall operational assignment involved at least 12 clandestine meetings per week, in addition to his meetings with the LIEMPTY project case officer.

PROBLEMS: In mid 1966 LICOWL/1, who owns a small store near the Soviet Embassy, reported that a Soviet official had approached him and asked him to inform on his neighbors. Reportedly the Soviet named LIEMPTY/6 of the LIMITED basehouse by name and also asked about the tenants of the building housing LILYRIC. However, in view of LICOWL's previous history of lying, it is difficult to assess exactly what the Soviets requested and just what LICOWL/1 may have told them. The Station is still looking into this development.

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FUNDS : \$45,000 . \$29,020 in FY 67 \$15,980 in FY 68

Programmed for \$45,000 FY 67

Salaries:	
GERENDE	\$ 7,000
Others (8)	23,900
Vehicle maintenance (2)	5,000
Rent and utilities	7,600
Equipment maintenance and replacement	500
Miscellaneous operational expenses	1,000

PREVIOUS

APPROVALS:	1 Dec 65 - 30 Nov 66	\$41,500
	1 Dec 64 - 30 Nov 65	45,300
	1 Dec 63 - 30 Nov 64	49,700
	1 Dec 62 - 30 Nov 63	49,900
	1 Dec 61 - 30 Nov 62	49,500
	1 Dec 58 - 30 Nov 59	95,380

STAFF

COMMENTS: FI and CI Staffs concur in renewal.

CI STAFF: Strongly urges the Station to continue its close monitoring of Soviet interest in the installation buildings and attempts to obtain information on sensitive project personalities. The Station should devise necessary contingency plans of action to eliminate any security hazards if it is determined that the Soviets are intensifying such efforts and could be getting "too close" to the project installations, personalities and activities.

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8 JAN 1967

MEMORANDUM FOR: Assistant Deputy Director for Plans

THROUGH: MFS/EG

SUBJECT: Project LIEMTY

1. This action seeks renewal of Project LIEMTY covering Mexico City Station's stationary surveillance basehouses aimed against the Soviet Embassy. The activity will cost \$45,000 for the period 1 December 1966 to 30 November 1967. Approval is recommended.

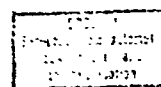
2. Project LIEMTY has been in being for nine years. At present it supports three stationary basehouses near the Soviet Embassy and a mobile photographic basehouse. These are used to obtain photographic coverage and logs of Soviet movements and visitors to the Soviet Embassy. The mobile basehouse is used also to cover meeting sites of the local communist parties and targets of opportunity.

3. A principal agent and eight agents are used in the LIEMTY activity. The agents are variously employed as basehouse keepers, photo lab technicians and surveillance operators.

4. Security has been generally good although one incident occurred in mid 1966 which may have some impact on the future security of the operation. An approach was made to an agent of the Station, who owns a small store near the Soviet Embassy, to report on his neighbors among whom are some of the LIEMTY agents. One, LIEMTY-6, was mentioned by name. The Station is watching this development carefully.

4. The LIEMTY activity proved its worth during the past year when check was made on conflicting stories told by two Station agents. The LIEMTY surveillance reports proved that one of the agents was lying about his contacts with the Soviets. LIEMTY is well managed and continues to serve an important Mexico City Station need.

*Robert E. Andersen*  
ROBERT E. ANDERSEN  
Acting Chief  
Foreign Intelligence



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(When Filled In)

<b>PROJECT ACTION</b>						<b>PROJECT CRYPTONYM</b> <b>LIEMPTY</b>			
<b>X</b>	TYPE OF ACTION	<b>X</b>	FIELD	<b>CA</b>	<b>OTHER</b>				
	NEW PROJECT APPROVAL	DIVISION <b>Western Hemisphere Division</b>							
	AMENDMENT NO.	FIELD STATION <b>Mexico City</b>							
	RENEWAL FY 1967-68	BRANCH <b>One</b>		DESK					
	EXTENSION	CASE OFFICER <b>C. Bustos-Videla</b>			DATE <b>18 Nov. '66</b>				
	TERMINATION	ROOM NO. <b>332</b>	BUILDING <b>Ames</b>	TEL. EXT.	RED <b>3654</b>			BLACK	
<b>CONCURRENCES OF DIVISIONS</b>									
ORGANIZATIONAL ELEMENT	TYPED NAME (and signature)				DATE	DO NOT USE THIS SPACE			
C/WH/1	W. J. Kaufman <i>[Signature]</i>								
C/WH/B&F	Robert Carter <i>[Signature]</i>				11/25/66				
C/WH/SS	George R. Thompson <i>[Signature]</i>				11-25-66				
C/WH/CI	Thomas Polgar <i>[Signature]</i>				6/10-66				
WH/EXO	Donald C. Marelius <i>[Signature]</i>				12/12/66				
C/WH/D	William V. Broe <i>[Signature]</i>				12/10/66				
<b>CONCURRENCES OF OTHER COMPONENTS</b>									
					DATE	COPY NO.	MEMO ATTACHED		
							YES	NO	DATE
FI Staff -s/Robert E. Andersen					6 Jan 67		X		6 Jan 67
CI Staff -s/Frank W. Hughes					16 Dec 66				
C/MPS/BC <i>[Signature]</i>					12 Jan 67				
<b>APPROVAL</b>									
		PERIOD		AMT THIS ACTION	FY	REVISED TOTAL			
		FROM	TO						
		1 December 66	30 Nov 67	\$ 45,000.00	1967	\$ 29,020			
					1968	\$ 15,980			
APPROVING AUTHORITY <b>A/DDP</b>				SIGNATURE <i>[Signature]</i>		DATE <b>11/27/66</b>			

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10 DEC 1966

MEMORANDUM FOR: Deputy Director for Plans

SUBJECT : LIEMPTY Project Renewal

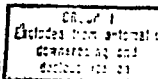
1. It is requested that the LIEMPTY Project be renewed for the period 1 December 1966 through 30 November 1967 for a total of \$45,000: \$29,020 for FY 1967 and \$15,980 for FY 1968. The Project is included in the FY 1967 Operational Program for \$45,000. Funds are available within WH Division.

2. LIEMPTY covers stationary surveillance basehouses targeted against the Soviet Embassy. These basehouses provide photographic coverage and logs. Two of the basehouses (LIMITED and LILYRIC) cover the activity in the front of the Embassy, and LICALLA provides coverage of the back courtyard area. The LIEMPTY project also covers a mobile photographic basehouse in the form of a panel truck which is used against the Polish Embassy where we have no permanent surveillance basehouse, and against other targets of opportunity.

3. The value of Soviet Embassy photographic coverage during the past year was proven when the logs maintained by LILYRIC were used to double check on an operation involving LIRUSTIC-1 and LICOWL-1 who had told conflicting stories of certain events concerning the activity of some Soviets. Through the surveillance reports of the LIEMPTY Project against the Soviet Embassy, it was proven without a doubt that LICOWL-1 (who had just taken a polygraph without apparent deception) was lying about his contacts with the Soviets.

4. The LIENTRAP mobile photographic basehouse was targeted against leaders and meeting sites of the local Communist parties as well as other targets of opportunity, particularly exile Communist leaders now residing in Mexico. LIENTRAP provided up-dated identification

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photographs of Communist officers which are of value to both the JMTIGER program and the Station's recruitment/penetration program. The LIENTRAP personnel also regularly service twenty-one postal accommodation addresses used by the Mexico City Station.

5. One development which may affect the security of the LIEMPTY basehouses of LIMITED and LILYRIC occurred in mid 1966 when LICOWL-1 (who owns a small store near the Soviet Embassy) reported that a Soviet official, AEQUALITY-1, had approached him and requested him to inform on his neighbors. Reportedly the Soviet named LIEMPTY-6 (of the LIMITED basehouse) by name and also indicated all the tenants (unnamed) of the new building which now houses LILYRIC. The Soviet pinpointed the building by saying the one being built by a person who fit perfectly the description of LIMOUSINE. LICOWL-1 did not indicate that the Soviet reflected any interest in LIMOUSINE. The occupants of the LILYRIC basehouse were not mentioned. LICOWL-1 indicated to his Station contact that the only person he really suspected in the neighborhood was LIEMPTY-6 (of LIMITED) who doesn't go to work, is always typing, lives comfortably, and owns a car. He claims to have heard it rumored that LIEMPTY-6 was working for the Americans. (Since LIMITED is equipped with a radio and tips off the Station's surveillance team when it is used against Soviet targets, Headquarters has already assumed that the Soviets have identified this basehouse.) LICOWL-1 also listed several persons named by the Soviet who had no connection whatsoever with CIA.

6. The Station instructed LICOWL-1 not to become an informant on his neighbors. According to LICOWL-1, he therefore told AEQUALITY-1 he did not have time to collect the information the Soviet wanted. However, in view of the lies LICOWL-1 has been caught in, it is difficult to assess exactly what the Soviets asked of LICOWL-1 and just what LICOWL-1 may have told the Soviets. The Station is still looking into this development.

7. WHD recommends renewal of this Project.

*by James S. Estlin*  
William V. Broe  
Chief,  
Western Hemisphere Division

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