

DISPATCH

CLASSIFICATION
S E C R E T

PROCESSING ACTION	
<input type="checkbox"/>	MARKED FOR INDEXING
<input checked="" type="checkbox"/>	NO INDEXING REQUIRED
<input type="checkbox"/>	ONLY QUALIFIED DESK CAN JUDGE INDEXING
<input type="checkbox"/>	MICROFILM

TO **Chief of Station, Mexico City**

INFO

FROM **Chief, WH Division**

SUBJECT **Operational/KUWOLF LIHUFF**

ACTION REQUIRED REFERENCES

ACTION: See paras 5 & 6

REF: HMMA-20931, 22 March 1963

1. The LIHUFF Project has been studied fully and thoughtfully by WH Division, including a review by Oliver G. GALBOND. It has also been discussed with the KUWOLF Staff officers who review such projects for approval. After thorough consideration, it is the consensus in Headquarters that this project will not be approved.
2. The reasons for this decision are several:
 - a. The LIHUFF organization has sources of funds other than KUBARK and would conduct its activities without support from KUBARK. A project to fund the organization is therefore unnecessary.
 - b. Several members of the LIHUFF organization are also members of the LISIREN organization. One of them recently discussed the LISIREN operation with Thomas A. BRENT in Headquarters and is under no illusions about ODYOKE funds, if not KUBARK funds, going into the LISIREN operation. Moreover, the similarity of funding mechanisms between LISIREN and LIHUFF, the similarity of operations, and other such parallels would, for a thinking Mexican, be more than coincidence and would eventually rob LIHUFF of any cover that it might have. The potential security problem is not justified.

(continued)

Attachment:
IDEN-A w/s/c

Distribution:
O&I - COS, Mexico City w/att u/s/c

CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER HMMW-11518	DATE 25 April 1963
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CLASSIFICATION S E C R E T	HQS FILE NUMBER 50-124-28/3
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1 - RI w/att 1 - Chrono	ORIGINATING		EXT.
	OFFICE WH/3/Mexico/G. Lowe :jp	TYPEST	5940
	COORDINATING		
	OFFICE SYMBOL	DATE	OFFICER'S NAME
RELEASING			
OFFICE SYMBOL CWHD	DATE 16 MAY 1963	OFFICER'S SIGNATURE J. C. King	

CONTINUATION OF
DISPATCH

CLASSIFICATION
S E C R E T

DISPATCH SYMBOL AND NUMBER
HMMW-11518

c. Many of the activities contemplated in LIHUFF are already fully covered by other operations of the Station. LIHUFF would not contribute enough beyond the overlap to be justified.

d. The Project would tend to put too much reliance on conservative elements, around whom we have already built a sizeable proportion of our program in Mexico. Headquarters does not wish to expand further our involvement with these elements.

e. We have noted, in both LIHUFF and LISIREN, the reluctance of Mexican businessmen to contribute to anti-communist programs because they cannot deduct the contributions from their income taxes. As a matter of principle, we are moved to ask why ODYOKE funds should be spent in any program--whose primary objective, after all, is to preserve the capitalistic system under which these Mexican industrialists hold and increase their affluence--if those who will benefit most materially and most directly from it are unwilling to contribute without some recompense. Should the PBPRIME taxpayer assume the burden of helping those who are unwilling to share that burden? We feel he should not when he bears such a heavy burden all around the world.

3. The lack of a formal project relationship would not prevent the Station from using the LIHUFF organization from time to time on a targets-of-opportunity basis, as has been done in the past. In such cases the Station could use its D & TO funds. This use should be limited, and the outlay of funds should be minimized as much as possible.

4. The contribution of Station funds for the publication of Identity A may continue to the end of FY 63. Beginning 1 July 1963 we would like the Station to phase out this expense at whatever rate seems most suitable, but the phase-out should be completed by 31 December 1963. Further contributions cannot be authorized beyond that date.

5. Please inform us of the Station's intentions regarding LIHUFF-1. He can be kept as a cutout to LIHUFF, but with the curtailment of KUBARK's connection with LIHUFF, his services will not be used enough to justify the salary that has been proposed. The Station may either reduce his salary or use him more fully on other operations in order to justify it. The latter, of course, is contingent on his suitability---in terms of security considerations, his aptitude for certain types of operations, his own preferences, time available, and so on---to serve other operations. If the Station cannot make profitable use of LIHUFF-1 in other operations, it may terminate him at its discretion. If the Station plans to keep LIHUFF-1, he should be placed under a project as soon as his operational use is determined. If it is not feasible to put him under the project that he will be working on, then a separate project should be written to cover him.

END OF DISPATCH

UNDER SEPARATE COVER ATTACHMENT

HMM-11518

24
IDEN A: