

MATERIAL REVIEWED AT CIA HEADQUARTERS BY  
HOUSE SELECT COMMITTEE ON ASSASSINATIONS STAFF MEMBERS

FILE TITLE/NUMBER/VOLUME: KDACETONE (LIHUFF) (1 Vol)  
Development and Plans  
50-124-28/1

INCLUSIVE DATES: 10 Dec 1962 - 28 Oct 1971

CUSTODIAL UNIT/LOCATION: CI/EXO

ROOM: 2D11

DELETIONS, IF ANY: One Document

DATE RECEIVED	DATE RETURNED	REVIEWED BY (PRINT NAME)	SIGNATURE OF REVIEWING OFFICIAL
			NOT REVIEWED BY HSCA

This is in response to a request by the HSCA staff members to review LICHANT-1's production. According to our records, LICHANT-1 was included under the KDACETONE (formerly LIHUFF) project; and, as in the case of LICOOKY-1, no separate production folder exists. Attached is the LIHUFF project.

UPI - 50-124-28/  
and Plans

USIS Mexico City  
Message No 40

10 December 1962

" CONFIDENTIAL "

SUBJ: Activities of Student Affairs  
Officer; Activities of Various  
Student groups

**SECRET**  
(WHEN FILLED IN)

FROM: (Headquarters component) <b>WH/1 Mexico</b>		<b>SUBJECT AND PROJECT FILE REQUEST AND FIELD NOTIFICATION OF ACTION</b>	
TO : <b>IP/AN</b>			
TO : (Station/Base) <b>Chief of Station, Mexico City</b>		FROM: (Division) <b>Chief, Western Hemisphere Division</b>	
<b>INFORMATION FOR REQUESTERS</b>			
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 SYMBOLS FOR FIELD STATIONS AND LIST HEADQUARTERS ELEMENTS 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 RELATED TO THE FILE COVERED BY THIS REQUEST. ITEM 10 MAY ALSO BE USED TO GIVE REASONS FOR THE ACTION BEING REQUESTED, 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 REQUESTS. CONSULT YOUR RMO ON ANY PROBLEMS THAT ARISE.	
<b>INFORMATION CONCERNING FILE</b>			
1. TYPE OF FILE		2. CODE (FILE) NUMBER	
<input type="checkbox"/> SUBJECT <input checked="" type="checkbox"/> PROJECT		COUNTRY NUMBER <b>50</b>	CATEGORY NUMBER <b>124</b> SPECIFIC SUBJECT NUMBER <b>28/1</b>
3. FILE TITLE (SPECIFIC SUBJECT) (PROJECTS LIMITED TO 15 SPACES) <b>KDACETONE</b>			
<b>ACTION REQUIRED</b>			
4. ANALYSIS ACTION		5. DISPOSITION	
<input type="checkbox"/> OPEN FILE <input checked="" type="checkbox"/> CLOSE FILE (INDICATE DISPOSITION) <input type="checkbox"/> AMEND FILE TITLE <input type="checkbox"/> REOPEN		<input checked="" type="checkbox"/> RETAIN      DESTRUCTION RECOMMENDED THRU (DATE)	
6. REMARKS (FOR FIELD DISTRIBUTION)			
7. INTERESTED STATIONS (PROJECTS ONLY) <b>HMM</b>		8. INTERESTED HEADQUARTERS DESK (LIST ACTION DESK FIRST) <b>50</b>	
<b>9. FILES ACTION</b>			
<input checked="" type="checkbox"/> HOLD IN CS FILES	<input type="checkbox"/> RESTRICTED	<input checked="" type="checkbox"/> UNRESTRICTED	PREPARE FOLDER AND SEND TO REQUESTER
CHARGE PERMANENTLY TO (OFFICER & DESK)			
10. COMMENTS (INCLUDE SPECIAL HEADQUARTERS ROUTING INSTRUCTIONS)			
11. ENDORSEMENT		12. COORDINATION	13. RID APPROVAL
SIGNATURE OF BRANCH/DESK R. O. <i>John Blake Smith #586</i>		SIGNATURE OF BRANCH/DESK R. O. (WHEN APPLICABLE)	REQUEST APPROVED BY <i>John Deiner</i>
EFFECTIVE DATE <b>28 Oct 71</b>		CODE (FILE) NUMBER	
		<b>50</b>	<b>124</b> <b>28/1</b>

FORM 12-63 **812**

OBsolete PREVIOUS EDITIONS MFG. 2-64

**SECRET**

38

1-CS COPY

S-E-C-R-E-T

DATE OF CRYPTONYM CHANGE - 20/04/71

KDACETONE

FORMER CRYPTONYM - LIHUFF

CRYPTONYM CHANGE AUTHORIZED BY - ARMSTRONG COMPONENT - RID/AN  
(RO OR RID SECTION CHIEF)

CABLE OR DOCUMENT REFERENCE (FROM ITEM 10 OF FORM 812) - HMMS-7138

N-O-T-I-C-E

THIS IS AN RID NOTICE OF A CHANGE IN FILE  
TITLE CRYPTONYM CAUSED BY COMPROMISE. IT  
IS TO BE PLACED IN THE FILE INDICATED AND  
TO REMAIN THEREIN AS A PERMANENT OFFICIAL  
CS RECORD.

S-E-C-R-E-T

FILE IN - 050-124-028/01



# DISPATCH

CLASSIFICATION  
**SECRET**

PROCESSING ACTION

TO <b>Chief of Station, Mexico City</b>	<b>XX</b>	MARKED FOR INDEXING
INFO.		NO INDEXING REQUIRED
FROM <b>Chief, Western Hemisphere Division</b>		ONLY QUALIFIED DESK CAN JUDGE INDEXING
		MICROFILM

SUBJECT  
**Termination of LIHUFF Project**

ACTION REQUIRED - REFERENCES

**Project LIHUFF was terminated effective 30 June 1970.**

**Norris W. DAMICONE**

Distribution:  
Orig & 1 - COS, Mexico City

**03 COPY**

**LIHUFF**

CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER <b>HMMW-18041</b>	DATE <b>28 AUG 1970</b> <b>25 August 1970</b>
	CLASSIFICATION <b>SECRET</b>	HQS FILE NUMBER <b>50-6-28/1</b>

1 - Chrono 1 - RI  <table border="1"> <tr><td>AM</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>AN</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>IN</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>PS</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>BZ</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>DES</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>FI</td><td><input checked="" type="checkbox"/></td></tr> <tr><td>WH/1</td><td><input checked="" type="checkbox"/></td></tr> </table>	AM	<input checked="" type="checkbox"/>	AN	<input checked="" type="checkbox"/>	IN	<input checked="" type="checkbox"/>	PS	<input checked="" type="checkbox"/>	BZ	<input checked="" type="checkbox"/>	DES	<input checked="" type="checkbox"/>	FI	<input checked="" type="checkbox"/>	WH/1	<input checked="" type="checkbox"/>	ORIGINATING OFFICE <b>WH/1/FI/CI</b>		OFFICER <b>Al Malone</b>	TYPE <b>ksw</b>	EXT. <b>4167</b>
	AM	<input checked="" type="checkbox"/>																			
	AN	<input checked="" type="checkbox"/>																			
	IN	<input checked="" type="checkbox"/>																			
	PS	<input checked="" type="checkbox"/>																			
BZ	<input checked="" type="checkbox"/>																				
DES	<input checked="" type="checkbox"/>																				
FI	<input checked="" type="checkbox"/>																				
WH/1	<input checked="" type="checkbox"/>																				
COORDINATING																					
OFFICE SYMBOL	DATE	OFFICER'S NAME																			
RELEASING																					
OFFICE SYMBOL <b>C/WH/1</b>	DATE <b>26 Aug</b>	OFFICER'S SIGNATURE <b>John C. Murray</b>																			

# DISPATCH

SECRET

WH/1

PROJECT APPROVAL NOTIFICATION											
PROJECT <b>LEHUFF</b>		<input type="checkbox"/> CA			<input type="checkbox"/> PROPRIETARY						
		<input checked="" type="checkbox"/> FV/CI			<input type="checkbox"/> SUBSIDY						
					<input type="checkbox"/> DIRECT						
ACTION					AREA						
NEW PROJECT		DIVISION			<b>WH</b>						
AMENDMENT		BRANCH			<b>WH/1</b>						
RENEWAL		DESK			<b>Mexico</b>						
<input checked="" type="checkbox"/> TERMINATION		CASE OFFICER			EXTENSION						
EXTENSION		<b>Al Malcom</b>			<b>4267</b>						
OTHER											
AUTHORIZATION											
APPROVING AUTHORITY				TOTAL AMOUNT APPROVED		FY	AMOUNT				
<b>Chief, WH Division</b>				\$		196					
PERIOD OF APPROVAL						196					
FROM _____ TO _____				FINANCIAL CODE SYMBOL		<b>0135-2152</b>					
CONDITIONS OF APPROVAL											
Project terminated effective 30 June 1970.											
SIGNATURE					DATE						
<b>(Signed) E. M. Harms</b>					<b>19 AUG 1970</b>						
MPS/86											
DISTRIBUTION											
1	FINANCE DIVISION	1		1	SUBJECT DIVISION	1	OPERATING DIVISION CHIEF OF SUPPORT	1	CASE OFFICER	2	MPS/86



SECRET

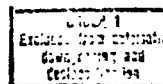
6 August 1970

MEMORANDUM FOR: Chief, Western Hemisphere Division  
SUBJECT : Termination of Project LIHUFF

1. It is requested that the LIHUFF Project be terminated, effective 30 June 1970.
2. Project LIHUFF covered funds for one agent, LIHUFF-1, a U.S. businessman resident in Mexico City who had served in World War II with U.S. military intelligence (MIS/X). LIHUFF-1 provided the Mexico City Station with access into the right-wing political groups and the American Chamber of Commerce in Mexico. He also obtained Dunn and Bradstreet reports for the Station and performed other tasks from time to time.
3. LIHUFF-1 was actually terminated effective 28 February 1970. No funds were expended for the termination, as he was not given a termination payment. He was paid his salary of \$300 per month, plus social security contributions, up until the time he was terminated. During FY 1970 \$2,528.41 of LIHUFF Project funds were expended.
4. There were no known problems or security risks in connection with the termination. A quitclaim was not obtained. LIHUFF-1 was advised concerning his social security benefits derived from his CIA employment and told to contact the Station should he have further questions.

*Charles M. Bounds*  
Charles M. Bounds  
Acting Chief, WH/1

SECRET



# DISPATCH

CLASSIFICATION

**S E C R E T**

PROCESSING ACTION

TO

Chief of Station, Mexico City

MARKED FOR INDEXING

INFO.

NO INDEXING REQUIRED

FROM

Chief, WH Division

ONLY QUALIFIED DESK  
CAN JUDGE INDEXING

MICROFILM

SUBJECT

① LIHUFF

ACTION REQUIRED - REFERENCES

LIHUFF has been approved for the period 1 July 1969 through 30 June 1970 in the amount of \$4,000, \$400 of which is available for disbursement in the field. (\$3,600 is payrolled at Headquarters.)

Anthony B. WELDRAKE

Distribution:

Orig & 1 - COS, Mexico City

CS COPY

COS REFERENCE TO GROUP 1 Excluded from automatic downgrading and declassification	DISPATCH SYMBOL AND NUMBER	DATE
	HMWH-17355	20 JUL 1969 24 July 1969
CS COPY	CLASSIFICATION	HQS FILE NUMBER
	S E C R E T	50-124-28/1
RI Chrono	ORIGINATING	
	OFFICE	OFFICER
	WH/1/J. J. Barry/hw	TYPIST
	EXT. 6954	
	COORDINATING	
	OFFICE SYMBOL	DATE
C/WH/B&F	7/24/69	
OFFICER'S NAME		
Ernest J. Tsikerdanos		
RELEASING		
OFFICE SYMBOL	DATE	
AC/WH/1	24 July	
OFFICER'S SIGNATURE		
Ernest J. Tsikerdanos		

AN PLO
AB X
IN
PS
DES/ED
EX
WH/1

SECRET

PROJECT APPROVAL NOTIFICATION

PROJECT <b>LIKOFF</b>		<input type="checkbox"/> CA	<input type="checkbox"/> PROPRIETARY
		<input checked="" type="checkbox"/> P/CI	<input type="checkbox"/> SUBSIDY
			<input type="checkbox"/> DIRECT
ACTION		AREA	
<input type="checkbox"/> NEW PROJECT	DIVISION <b>MH</b>		
<input type="checkbox"/> AMENDMENT			
<input checked="" type="checkbox"/> RENEWAL	BRANCH <b>MH/1</b>		
<input type="checkbox"/> TERMINATION	DESK		
<input type="checkbox"/> EXTENSION	<b>Mexico</b>		
<input type="checkbox"/> OTHER	CASE OFFICER <b>John J. Barry</b>	EXTENSION <b>6951</b>	
AUTHORIZATION			
APPROVING AUTHORITY <b>Chief, MH Division</b>		TOTAL AMOUNT APPROVED	FY
		<b>\$ 4,000</b>	<b>1970</b>
PERIOD OF APPROVAL			195
FROM <b>1 July 1969</b> TO <b>30 June 1970</b>		FINANCIAL CODE SYMBOL	<b>0135-2152</b>
CONDITIONS OF APPROVAL			
SIGNATURE <b>(Signed) E. M. ...</b>			DATE <b>20 June 1969</b>
MPS/86			
DISTRIBUTION			
1	FINANCE DIVISION	1	BUDGET DIVISION
1	OPERATING DIVISION CHIEF OF SUPPORT	1	CASE OFFICER
2	MPS/86		

FORM 849 USE PREVIOUS EDITIONS.

SECRET

GROUP 1 EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION

**SECRET**  
(When Filled In)

PROJECT ACTION						PROJECT CRYPTONYM	
						<b>LIHUFF</b>	
<b>X</b>	TYPE OF ACTION	<b>X</b>	FI/CI	CA	OTHER		
	NEW PROJECT APPROVAL	DIVISION <b>Western Hemisphere Division</b>					
	AMENDMENT NO.	FIELD STATION <b>Mexico City</b>					
	RENEWAL FY <del>19</del> 70	BRANCH <b>One</b>			DECR.		
	EXTENSION	CASE OFFICER <b>John J. Barry</b>				DATE <b>8 July 1969</b>	
	TERMINATION	ROOM NO. <b>3E04</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		
AC/WH/1	<i>Ernest J. Tsikerdanos</i> Ernest J. Tsikerdanos	8/7/69	8/7/69	✓			
C/WH/B&F	<i>Elliotte C. Want</i> Elliotte C. Want	7/9	7/9				
C/WH/SS	<i>George R. Thompson</i> George R. Thompson	10/8/69			✓		
AC/WH/FI	<i>David L. Smock</i> David L. Smock	14 JUL 1969	10 JUL 69		✓		
WH/EXO	<i>Donald C. Marelius</i> Donald C. Marelius	14 JUL 1969	18 JUL 1969				
CONCURRENCES OF OTHER COMPONENTS							
		DATES		MEMO ATTACHED			
		IN	OUT	YES	NO		
APPROVAL							
	PERIOD		AMT THIS ACTION	FY	TOTAL AMOUNT		
	FROM	TO					
	1 July 1969	30 June 1970	\$ 4,000.00	196	\$		
				1970	\$ 4,000.00		
APPROVING AUTHORITY			SIGNATURE		DATE		
C/WHD			<i>[Signature]</i>		18 JUL 1969		

SECRET

MEMORANDUM FOR: Chief, Western Hemisphere Division  
SUBJECT : Renewal of Project LIHUFF

1. Renewal of Project LIHUFF in the amount of \$4,000 is requested for the period 1 July 1969 through 30 June 1970. The Project was budgeted for \$4,000 for FY 1970 and funds are available within WH Division.
2. LIHUFF represents Mexico City Station's access into right wing political elements and organizations in Mexico, and provides contact with the large and influential American business community there. In addition, his access to Dun and Bradstreet reports has also been useful in carrying out checks on WOLADY citizens of operational interest to the Station. During the project year three field information reports were credited to the Project, one of which was disseminated by Headquarters, and some thirty-five background investigations and file traces were conducted by the agent.
3. In paragraph D "Effectiveness" of the attached renewal request it was noted, "He (LIHUFF-1) also organized at the request of COS (who, in turn, had been requested by Headquarters) a public demonstration in front of the Soviet Embassy in protest against the invasion of Czechoslovakia." A review of the LITEMPO Project reveals that LITEMPO-4 was paid \$4,000.00 by the Station to organize and rally as many students as possible in addition to the MURO planned demonstration in front of the Soviet Embassy, and to Headquarters' knowledge LIHUFF-1 did not organize the student demonstration on behalf of the Station.
4. The Desk feels that this Project should be reviewed during the upcoming project year to determine whether it should be continued.

*Ernest J. Tsikerdanos*  
Ernest J. Tsikerdanos  
Acting Chief, WH/1

SECRET



SECRET

11 July 1969

MEMORANDUM FOR: DC/WH

SUBJECT : Renewal of Project LIHUFF

1. Project LIHUFF covers a singleton agent (a U.S. citizen) who has been managed directly by the COS, Mexico City, and who has worked for WHD for more than twenty years, beginning in Panama and continuing in Mexico. LIHUFF-1 provides the Station access to right-wing political elements and contact with the American business community in Mexico City (he is executive director of the American businessman's association).

2. The project provided three disseminations in Fiscal Year 1969, and it is deemed unlikely that it will ever be a source of effective and meaningful intelligence.

3. WH/FI suggests that LIHUFF-1 be considered for one or several specific support tasks, which represent a continuing burden for Station Mexico City, and that he no longer be considered as a source of intelligence.

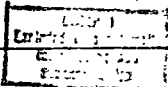
4. If it is ascertained that he can perform <sup>no</sup> support task(s), we advise that the project be terminated. In the meantime, we recommend approval in the amount of \$4,000 for Fiscal Year 1970.

(Mr. Smock's note: "I believe that we should take a hard look at this one.")

David L. Smock  
AC/WH/FI

RHR  
cc: WH/1

SECRET

<b>DISPATCH</b>	CLASSIFICATION	PROCESSING ACTION
	SECRET	MARKED FOR INDEXING
TO	Chief, WH Division	X NO INDEXING REQUIRED
INFO.		ONLY QUALIFIED DESK CAN JUDGE INDEXING
FROM	Chief of Station, Mexico City <i>W</i>	MICROFILM
SUBJECT	0 LIHUFF Project Renewal	
ACTION REQUIRED - REFERENCES		
<p>Reference: HMMW-17191, 2 April 1969</p> <p>Forwarded by split transmission is the LIHUFF Project Renewal Request for the period 1 July 1969 through 30 June 1970 for a total of U.S.\$4,000.00.</p> <p style="text-align: center;"><i>W. C. Curtis</i> for/Willard C. CURTIS</p> <p>Attachments:</p> <ol style="list-style-type: none"> <li>1. Project Renewal Request - Left Side - Herewith</li> <li>2. Project Renewal Request - Right Side - Under Separate Cover</li> </ol> <p>Distribution:</p> <p>2 - C/WHO, w/att 1, 2 copies (h/w); w/att 2, 2 copies (u/s/c)</p> <p style="text-align: center;">ES COPY</p> <p><i>1 att:</i></p>		
CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER	DATE
	HMMA-37098	8 May 1969
	CLASSIFICATION	HQS FILE NUMBER
	SECRET	✓ 50-124-28/1 ✓

SECRET

REQUEST FOR PROJECT RENEWAL

070

00

PROJECT LIHUFF

CASE OFFICER

*Willard C. Curtis*  
Willard C. CURTIS

STATION Mexico City

CHIEF OF STATION

*Willard C. Curtis*  
Willard C. CURTIS

FORWARDED BY SPLIT TRANSMISSION  
NO FIELD DISSEMINATION

CS COPY

CS COPY

s/c att: 1

SECRET

50-124-28/1

SECRET

REQUEST FOR RENEWAL  
PROJECT LIHUFF

A. CURRENT OBJECTIVES

The objective of this project is to provide support for a singleton contract agent, LIHUFF-1, who is the Executive Director of the most important organization of WOLADY businessmen in Mexico. He also continues to have access to right-wing political elements and organizations in Mexico, one of which is a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico, UNAM).

B. CHANGES

1. Operational Mechanism

There have been no changes in this respect since the previous project renewal was submitted.

2. Agents

The only agent to be supported by this project for the coming year is LIHUFF-1.

C. INTELLIGENCE PRODUCTION

1. Three disseminated reports were credited to this project during FY 1969:

- ✓ HMM-11890 "University Rector's Conviction that U. S. Promoted Student Riots."
- HMM-12003 "Views of Minister of Industry and Commerce on Forthcoming Visit of Nelson Rockefeller."
- HMM-12008 "Views of Minister of Industry and Commerce on Government Control of Radio and Television."

FORWARDED BY COLLECTIVE TRANSMISSION  
NO FIELD INFORMATION

SECRET

2. This agent is used as a source for background, operational and investigative data. For that reason it does not produce a sufficient amount of positive intelligence to justify its existence for that purpose. Its real value is the availability of this agent and his contacts to the Chief of Station, Mexico, for a current reading on right-wing political activities and personalities. He is also a primary investigative source for information on WOLADY citizens of operational interest to the Station. This agent has access to all reports produced by Dunn & Bradstreet in Mexico and can have investigations conducted by them.

**D. EFFECTIVENESS**

During the project year, the agent provided the Station with details on a proposed new federal labor law (which was subsequently passed) and an analysis on how this new law would affect foreign investors or companies. The agent also kept the Chief of Station, Mexico, advised of right-wing political activities and student agitation. He also organized at the request of COS (who, in turn, had been requested by Headquarters) a public demonstration in front of the Soviet Embassy in protest against the invasion of Czechoslovakia. LIHUFF-1 conducted about thirty-five background investigations and file traces for the Station.

**E. PROBLEMS**

This project has presented the Station with no problems of security or cover.

**F. LIAISON**

This project involves no liaison relationship.

**G. INTERAGENCY COORDINATION**

This project involves no interagency coordination.

**H. PLANS**

Station Mexico plans to continue to use LIHUFF-1 as a support agent and informant on activities of right-wing

**FORWARDED BY SPLIT TRANSMISSION  
NO FIELD DISSEMINATION**

SECRET

SECRET

-3-

political minority groups and for investigative and background information on persons of operational interest. The Station will also use LIHUFF-1, when so requested by Headquarters, to organize public demonstrations such as the one mentioned in paragraph D above.

I. FUNDS

	<u>FY 1969</u>	<u>FY 1970</u>	<u>FY 1971</u>
LIHUFF-1 Salary	\$ 3,600	\$ 3,600	\$ 3,600
Social Security Con- tribution @ \$14.40/month	175	175	175
Operational Expenses	225	225	225
J. <u>ANNEX</u> Total	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>

None

K. EMERGENCY CONDITIONS

There has been no change since the original emergency meeting conditions were reported.

SECRET

# DISPATCH

CLASSIFICATION

**S E C R E T**

PROCESSING ACTION

MARKED FOR INDEXING

TO

Chief of Station, Mexico City

NO INDEXING REQUIRED

INFO.

ONLY QUALIFIED DESK  
CAN JUDGE INDEXING

FROM

Chief, Western Hemisphere Division

MICROFILM

SUBJECT

0 Renewal of LIHUFF Project (EX 70)

AGENCY REQUIRED - REFERENCES

Reference: Book Dispatch 6769, 25 November 1968

This is a routine reminder that the LIHUFF Project  
Renewal Request is due at Headquarters 12 June 1969.



Norris W. DAMICONE

Distribution:  
Orig. & 1 - COS, Mexico City

**CS COPY**

CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER <b>WH/1-17191</b>	DATE <b>8 APR 1969</b>	
<b>CS COPY</b>	CLASSIFICATION <b>S E C R E T</b>	HQS FILE NUMBER <b>50-124-28/1</b>	
Distribution:  RI - 1 CHRONO - 1 AN PW AB X IN PS EX JMS/ED ET	ORIGINATING		
	OFFICE <b>WH/1</b>	OFFICER <b>Al Malone</b>	TYPIST <b>aks</b>
	EXT. <b>6954</b>		
	COORDINATING		
	OFFICE SYMBOL	DATE	OFFICER'S NAME
OFFICE SYMBOL <b>C/WH/1</b>		DATE <b>4/3/69</b>	
OFFICER'S SIGNATURE <i>W. J. Kaufman</i>		RELEASING <b>W. J. Kaufman</b>	

<b>DISPATCH</b>		CLASSIFICATION <b>S E C R E T</b>	PROCESSING ACTION	
TO	Chief of Station, Mexico City		<b>X</b>	MARKED FOR INDEXING
INFO.				NO INDEXING REQUIRED
FROM	Chief, Western Hemisphere Division			ONLY QUALIFIED DESK CAN JUDGE INDEXING
SUBJECT	<b>LIHUFF</b>			MICROFILM
ACTION REQUIRED - REFERENCES				
<p>LIHUFF has been approved for the period 1 July 1968 through 30 June 1969 in the amount of \$4,000, \$400 of which is available for disbursement in the field. (\$3600 is payrolled at Headquarters).</p> <p style="text-align: right;"><i>T.H.B.</i> Theresa H. BACHARDY</p> <p>Distribution: Orig. &amp; 1 - COS, Mexico City</p> <p style="text-align: center;"><b>CS COPY</b> <span style="float: right;">50-124-28/1</span></p>				
CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER	DATE		
<i>CS COPY</i>	<b>HMW-16521</b>	<b>22 July 1968</b>		
	CLASSIFICATION	HQS FILE NUMBER		
	<b>S E C R E T</b>	<b>50-124-28/1</b>		
<b>RI</b>  <b>CHRONO</b>	ORIGINATING			
	OFFICE <b>WH/1</b>	OFFICER <b>N. Perkins/</b>	POST <i>Perkins</i>	EXT. <b>6954</b>
	COORDINATING			
	OFFICE SYMBOL <b>WH/BTF</b>	DATE <b>7/26/68</b>	OFFICER'S NAME <i>George C. ...</i>	
	<b>BE</b>	<b>ELIAD</b>		
	<b>7/26/68</b>	<b>10/1/68</b>		
RELEASING				
OFFICE SYMBOL <b>C/WH/1</b>	DATE <b>26 JUL 1968</b>	OFFICER'S SIGNATURE <i>W. J. Kaufman</i>		





**SECRET**  
(When Filled In)

<b>PROJECT ACTION</b>						PROJECT CRYPTONYM <b>LIHUFF</b>				
	TYPE OF ACTION	<b>X</b>	FI/CI		CA		OTHER			
	NEW PROJECT APPROVAL	DIVISION <b>Western Hemisphere Division</b>								
	AMENDMENT NO.	FIELD STATION <b>Mexico City</b>								
	<b>X</b> RENEWAL FY 1969	BRANCH <b>One</b>				DESK				
	EXTENSION	CASE OFFICER <b>Nancy Perkins</b>					DATE <b>1 July 68</b>			
	TERMINATION	ROOM NO. <b>3E04</b>	BUILDING <b>Hqs</b>	TEL. EXT.	RED <b>9041</b>	BLACK <b>6954</b>				
<b>CONCURRENCES OF DIVISIONS</b>										
ORGANIZATIONAL ELEMENT	TYPED NAME (and signature)	DATES		MEMO ATTACHED						
		IN	OUT	YES	NO					
C/WH/1	W. J. Kaufman <i>W. J. Kaufman</i>									
C/WH/B&F	Elliott C. Want <i>Elliott C. Want</i>	7/3	7/3		✓					
C/WH/SS	George R. Thompson <i>George R. Thompson</i>		5 July 68		✓					
C/WH/FI	Thomas Polgar <i>Thomas Polgar</i>		13 July 68							
WH/EXO	Donald C. Marelius <i>Donald C. Marelius</i>	15 JUL 1968	18 July 68							
<b>CONCURRENCES OF OTHER COMPONENTS</b>										
		DATES		MEMO ATTACHED						
		IN	OUT	YES	NO					
<b>APPROVAL</b>										
	PERIOD		AMT THIS ACTION	FY	TOTAL AMOUNT					
	FROM <b>1 Jul 68</b>	TO <b>30 June 69</b>	<b>\$ 4,000</b>	196 1969	<b>\$ 4,000</b>					
APPROVING AUTHORITY <b>C/WH/D</b>			SIGNATURE <i>William V. Broe</i> <b>William V. Broe</b>	DATE <b>18/7/68</b>						

SECRET

9 July 1968

MEMORANDUM FOR: C/WHD

SUBJECT : Project LIHUFF Renewal

1. This covers a singleton asset (LIHUFF-1) who is managed by COS, Mexico Station, and who serves as a general utility agent for the COS.

2. Reporting is deficient.

3. This appears to be a bread and butter type project. It has been used successfully (e.g., during the YEVTUSHENKO visit to Mexico), and WH/FI accedes to the recommendation to renew.

Thomas Polgar  
C/WH/FI

EJL

cc: WH/1

SECRET

SECRET

2 July 1968

MEMORANDUM FOR: Chief, Western Hemisphere Division

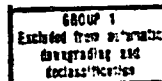
SUBJECT: Renewal of Project LIHUFF


1. Renewal of Project LIHUFF in the amount of \$4,000 is requested for the period 1 July 1968 through 30 June 1969. The project was budgeted for \$4,200 for FY 1969 and funds are available within WH Division.

2. During the past year, one progress report was received, in June 1968, recapitulating the activities reported in the attached renewal request. Although the Station has made use of LIHUFF's relations with the right wing student organization, MURO, in connection with Evgeniy YEVTUSHENKO's visit to Mexico this spring, the use of MURO is being de-emphasized. The main value of LIHUFF/1, a long time collaborator previously serving in Panama and beginning in OSS days, is his availability to service various requests which the COS may make of him and to provide insight into the activities of the extreme right wing of Mexican politics. His access to Dun and Bradstreet reports has also been useful.

*W. J. Kaufman*  
W. J. Kaufman  
C/WH/1

SECRET



<b>DISPATCH</b>	CLASSIFICATION	PROCESSING ACTION	
	SECRET/KAPOK		MARKED FOR INDEXING
TO	Chief, WH Division	XXX	NO INDEXING REQUIRED
INFO.			ONLY QUALIFIED DESK CAN JUDGE INDEXING
FROM	Chief of Station, Mexico City		MICROFILM
SUBJECT	<u>LIHUFF Project Renewal</u>		
ACTION REQUIRED - REFERENCES			
REFERENCE: HMMA-32306, 20 June 1968			
Attached is the LIHUFF Project Renewal submitted for the period 1 July 1968 through 30 June 1969 for a total of US \$4,000.00 all of which will be spent in Fiscal Year 1969.			
 Willard C. CURTIS			
Attachment: Project Renewal Request Left-hand side h/w Right-hand side u.s.c.			
Distribution: Orig & 2 - C/WHD w/att A - h/w B - u.s.c.			
S/C ATTD BY RID/SD Dated 7 JUN 68 2 ATT		GROUP 1 Excludes from automatic downgrading and declassification	ES COPY 50-124-28/1
CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER	DATE	
	HMMA-34773	29 May 1968	
	CLASSIFICATION	HQS FILE NUMBER	
	SECRET/KAPOK	50-124/28	

SECRET/KAPOK

REQUEST FOR PROJECT RENEWAL

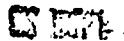
PROJECT LIHUFF

CASE OFFICER Willard C. Curtis  
Willard C. CURTIS

STATION Mexico City

CHIEF OF STATION Willard C. Curtis  
Willard C. CURTIS

FORWARDED BY SPLIT TRANSMISSION  
NO FIELD DISSEMINATION



SECRET/KAPOK

50-124-23/1

H/W ATT # 1 & HMMA-34773

S/C ATT # 2 & HMMA-34773

SECRET/KAPOK

REQUEST FOR RENEWAL

PROJECT LIHUFF

A. CURRENT OBJECTIVES

The objective of this project is to provide support for a singleton contract agent, LIHUFF-1, who is the Executive Director of the most important organization of WOLADY businessmen in Mexico. He also continues to have access to right-wing political elements and organizations in Mexico, one of which is a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico - UNAM).

B. CHANGES

1) Operational Mechanism

There have been no changes in this respect since the previous project renewal was submitted.

2) Agents

The only agent to be supported by this project for the coming year is LIHUFF-1.

C. INTELLIGENCE PRODUCTION

This agent is used as a source for background, operational and investigative data. For that reason it does not produce a sufficient amount of positive intelligence to justify its existence for that purpose. It's real value is the availability of this agent and his contacts to the Chief of Station, Mexico, for a current reading on right-wing political activities and personalities. He is also a primary investigative source for information on WOLADY citizens of operational interest to the Station. This agent has access to all reports produced by Dunn & Bradstreet in Mexico and can have investigations conducted by them. For example, some forty Dunn & Bradstreet reports have been obtained (via LIHUFF/1) on persons and/or organizations of interest.

D. EFFECTIVENESS

During the project year, the agent provided the Station with

.../

SECRET/KAPOK

SECRET/KAPOK

- 2 -

details of Mexican Government plans to impose legislative restrictions on foreign investments and Government advice to banks to limit loans to companies with an appreciable amount of foreign capital.

This agent kept the Chief of Station, Mexico, advised of right-wing political activities and student participation in anti-LNHARP demonstrations which occurred at least once each month during the past year.

LIHUFF-1 conducted some twenty background investigations and file traces for the Station, in addition to those cited in C above.

In March LINLUCK prevailed upon a Mexican book publisher to print copies of the LINLUCK open letter to Yevtushenko as well as the text of the telegram by Soviet intellectuals to the Consultative Conference of Communist Parties in Budapest asking for an end to Soviet persecution of intellectuals. The latter handbill was illustrated with LINLUCK pen and ink drawings of Sinyavsky and Daniel behind barbed wire. At the same time the Station produced several thousand cartoon and text handbills of a beatnik Yevtushenko dancing into Mexico tossing flowers. Turning a fold of the handbill revealed a Russian officer striking off the nib of a Soviet writer's pen with his sword. In a wet run in January LITEAR-1 directed four small boys in the distribution of the cartoon handbill in the artists' district of Mexico where Station monitors watched students and artists read and pocket the cartoon handbill. The cartoon handbill was again distributed in the artists' district on the day of Yevtushenko's arrival. The following day, when Yevtushenko held his first recital at Mexico City's Chapultepec Park, one of the handbills was distributed by LICOAX students, while members of the "MURO" rightist student organization under direction of LIHUFF quietly distributed the other two handbills. Station officers verified that everyone in the audience held copies of the black WOFIRM material.

E. PROBLEMS

This project has presented the Station with no problems of security or cover.

F. LIAISON

This project involves no liaison relationship.

.../

SECRET/KAPOK



SECRET/KAPOK

- 3 -

G. INTER-AGENCY COORDINATION

This project involves no inter-agency coordination.

H. PLANS

Station Mexico plans to continue to use LIHUFF-1 as a support agent and informant on activities of right-wing political minority groups and for investigative and background information on persons of operational interest.

I. FUNDS

1. The cost of the LIHUFF Project (paid by the Mexico Station exclusive of Headquarters costs) from 1 July 1967 through 31 May 1968 was approximately US \$200.00 which does not include the agent's salary of US \$3,300 (\$300 per month) - advanced locally and T/Aed to Headquarters.
2. During the period 1 July 1968 through 30 June 1969, an estimated US \$4,000 is requested. It will be used in the following manner:

LIHUFF-1 salary	3,600
Operational Expenses	400
	<hr/>
Total	4,000

The above represents what the Chief of Station, Mexico City believes is the minimum that will be required to keep a working-level relationship with this agent and his organization.

J. ANNEX

None.

K. EMERGENCY CONDITIONS

There has been no change since the original emergency meeting conditions were reported.

SECRET/KAPOK

# DISPATCH

CLASSIFICATION

**S E C R E T**

PROCESSING ACTION

TO	Chief of Station, Mexico City	<input checked="" type="checkbox"/>	MARKED FOR INDEXING
INFO.			NO INDEXING REQUIRED
FROM	Chief, Western Hemisphere Division		ONLY QUALIFIED DESK CAN JUDGE INDEXING
SUBJECT	0 Renewal of LIHUFF		MICROFILM

ACTION REQUIRED - REFERENCES

We remind you that we would appreciate receiving the LIHUFF renewal a month before the project termination date, which is 30 June 1968.

*T.H.B.*  
Theresa H. BACHARDY

Distribution:  
Orig. & 1 - COS, Mexico City

CS COPY

4 APR 1968 50-124-28/1

CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER	DATE
	HDMW-16279	1 April 1968
	CLASSIFICATION	HQS FILE NUMBER
	<b>S E C R E T</b>	50-124-28/1

<b>RI</b>  <b>CHRONO</b>  <table border="1"> <tr> <td>ANPW</td> <td>EX</td> <td></td> </tr> <tr> <td>PS</td> <td>DEST</td> <td>WH/1</td> </tr> <tr> <td>ABSTRACT</td> <td>X</td> <td>INDEX</td> </tr> </table>	ANPW	EX		PS	DEST	WH/1	ABSTRACT	X	INDEX	ORIGINATING		
	ANPW	EX										
	PS	DEST	WH/1									
	ABSTRACT	X	INDEX									
	OFFICE	OFFICER	TYPIST	EXT.								
I.WH/1	Perkins	rc NP Perkins	6954									
COORDINATING												
OFFICE SYMBOL	DATE	OFFICER'S NAME										
RELEASING												
OFFICE SYMBOL	DATE	OFFICER'S SIGNATURE										
C/WH/1	1 Apr 68	<i>Ernst J. Suber...</i> W. J. Kaufman										

**DISPATCH**

EQ LIHUFF DIP

3 August 1967

MEMORANDUM FOR: MPS/BG/FI

SUBJECT: CA Aspects: Project LIHUFF (FI)

1. We note that, despite the cut-off (at Headquarters insistence) of CIA funds to LIHUFF action groups in 1965, and although little money is currently passed to LIHUFF-1 for ops and support purposes (\$120 in FY 1967, \$600 projected for FY 1968), the Station is continuing to use LIHUFF-1 for ad hoc political action. This involves mainly Station requests and guidance for specific operations, principally harassment actions conducted by MURO, the militant arch-rightist anti-Communist student group at the Universidad Nacional Autonoma de Mexico (UNAM).
2. CA/PEG questions whether the use and encouragement of MURO for these purposes is consistent with OD objectives or USG interests in Mexico, even though most of the MURO actions supported by us are directed at non-UNAM targets. Any encouragement or support to MURO, for whatever reasons, will have the inevitable by-product of reinstating and building up the prestige and influence of MURO on the UNAM campus -- a result antithetical to the objectives of other Station and Embassy efforts in the student field in Mexico (e. g., Project LICOAX).
3. We appreciate the need for a Station militant action team for specific harassment purposes as the need arises. We believe, however, that the long-range negative effect of perpetuating MURO outweighs the tactical short-range benefits to be derived from MURO harassment actions at our instigation. We cannot therefore endorse this CA aspect of the LIHUFF project as presented.

(signed)  
Kenneth Y. Millian  
KENNETH Y. MILLIAN  
C/CA/PEG

Sent orig. to WH Div. with following note: Believe this should have been addressed to C/WH with a copy to MPS/BG. If a reply is made to CA/PEG, would appreciate a copy of it for MPS/BG project file. Thank you. LEM

I never saw this till regarding LIHUFF/X DIP  
To prepare renewal. NP. 10 June 68

SECRET



SECRET

file LIHUFF/TSAP/1524-28

PROJECT APPROVAL NOTIFICATION

PROJECT	LIHUFF	<input type="checkbox"/> CA	<input type="checkbox"/> PROPRIETARY
		<input checked="" type="checkbox"/> F/CI	<input type="checkbox"/> SUBSIDY
			<input checked="" type="checkbox"/> DIRECT

ACTION		AREA
<input type="checkbox"/>	NEW PROJECT	DIVISION
<input type="checkbox"/>	AMENDMENT	WH
<input checked="" type="checkbox"/>	RENEWAL	BRANCH
<input type="checkbox"/>	TERMINATION	WH/1
<input type="checkbox"/>	EXTENSION	DESK
<input type="checkbox"/>	OTHER	CASE OFFICER
		N. Perkins
		EXTENSION
		6954

AUTHORIZATION			
APPROVING AUTHORITY	TOTAL AMOUNT APPROVED	FY	AMOUNT
Chief, WH	\$ 4,200	1968	\$4,200
PERIOD OF APPROVAL		196	
FROM 1 Jul 67 TO 30 Jun 68	FINANCIAL CODE SYMBOL	0135-2152	

CONDITIONS OF APPROVAL

24 JUL 1967

SIGNATURE	DATE
MPS/BG	19 JUL 1967

DISTRIBUTION											
1	FINANCE DIVISION	1		1	BUDGET DIVISION	1	OPERATING DIVISION CHIEF OF SUPPORT	1	CASE OFFICER	2	MPS/BG

**SECRET**  
(When Filled In)

PROJECT ACTION						PROJECT CRYPTONYM	
						<b>LIHUFF</b>	
<b>X</b>	TYPE OF ACTION	<b>X</b>	DIVISION	CA	OTHER		
	NEW PROJECT APPROVAL		Western Hemisphere Division				
	AMENDMENT NO.		FIELD STATION				
	RENEWAL FY 1968		BRANCH	DESK			
	EXTENSION		CASE OFFICER	DATE			
	TERMINATION		ROOM NO.	BUILDING	TEL. EXT.	RED	BLACK
		3B4403	Hqs		9041	6954	
<b>CONCURRENCES OF DIVISIONS</b>							
ORGANIZATIONAL ELEMENT	TYPED NAME (and signature)	DATES		MEMO ATTACHED			
		IN	OUT	YES	NO		
C/WH/1	W. J. Kaufman <i>W. J. Kaufman</i>						
C/WH/B&F	Elliott C. Want <i>Elliott C. Want</i>	6/29	6/30				X
C/WH/SS	George R. Thompson <i>George R. Thompson</i>	5 July 1967					✓
C/WH/FI	Thomas Polgar <i>Thomas Polgar</i>	11 July 67					
WH/EXO	Donald C. Marelius <i>Donald C. Marelius</i>	12 JUL 1967	2/7				
<b>CONCURRENCES OF OTHER COMPONENTS</b>							
		DATES		MEMO ATTACHED			
		IN	OUT	YES	NO		
<b>APPROVAL</b>							
	PERIOD		AMT THIS ACTION	FY	TOTAL AMOUNT		
	FROM	TO					
	1 July 1966	30 June 1968	\$4,200.00	1968	\$	4,200.00	
APPROVING AUTHORITY		SIGNATURE		DATE			
C/WH/D		<i>William V. Broe</i>		17 July 67			


SECRET

MEMORANDUM TO: Chief, Western Hemisphere Division

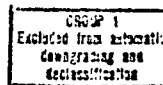
SUBJECT : Request for Renewal of Project LIHUFF

1. It is requested that Project LIHUFF be renewed in the amount of \$4,200.00 for the period 1 July 1967 through 30 June 1968. Funds are available in WH Division. Project costs are estimated to be the same as last year.

2. LIHUFF represents Mexico City Station's access into right wing circles, and also provides contact and rapport with the large and influential American business community there. It will be observed from the attached renewal request that a considerable portion of the project's accomplishment was along political action lines, but it has nevertheless been decided to maintain LIHUFF as an FI activity, since the addition of the investigative function to LIHUFF-1's mission balances the project more heavily on the FI side. There has been no progress reporting since 16 November 1966, at which time the station recounted the harrassing of a Czech official, the Soviet Embassy and the Chinese art exhibit. Since the principal agent is personally handled by a busy chief of station, however, and since the course of the operation changes little from month to month, the infrequent reporting is explainable.

  
W. J. Kaufman  
Chief, WH/1

SECRET



**DISPATCH**

CLASSIFICATION

**SECRET**  
REPORT

PROCESSING ACTION

MARKED FOR INDEXING

Chief/WRD

NO INDEXING REQUIRED

INFO.

ONLY QUALIFIED DESK  
CAN JUDGE INDEXING

FROM

Chief of Station, Mexico City

MICROFILM

SUBJECT

Project LIHUFF Request for Renewal

ACTION REQUIRED - REFERENCES

Reference: HMMA-28937, dated 13 May 1966.

Attached is the LIHUFF Project Renewal submitted for the period 1 July 1967 through 30 June 1968 for a total of US \$4,200.00 all of which will be spent in Fiscal Year 1968.

*Willard C. Curtis*  
For Willard C. CURTIS

Attachment:  
Lft-hand side h/w  
Rgt-hand side u.s.c.

Distribution:  
③ - Chief/WRD h/w & u.s.c.

FORWARDED BY SPLIT TRANSMISSION  
NO FIELD DISSEMINATION

CS COPY

50-124-28/1

CROSS REFERENCE TO

DISPATCH SYMBOL AND NUMBER

DATE

HMMA-32306

20 June 1967

CLASSIFICATION

HQS FILE NUMBER

**SECRET**  
REPORT

50-124-28



REQUEST FOR PROJECT RENEWAL

PROJECT LIHUFF

CASE OFFICER

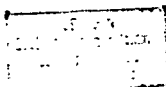
*Willard C. Curtis*  
Willard C. CURTIS

STATION Mexico City

CHIEF OF STATION

*Willard C. Curtis*  
Willard C. CURTIS

FORWARDED BY SPLIT TRANSMISSION  
NO FIELD DISSEMINATION



CS COPY

50-124-28/1

H/W ATT. # 1 1/2 HMMMA-32306

S/C ATT. # 2 1/2 HMMMA-32306

REQUEST FOR RENEWAL

PROJECT LIHUFF

A. CURRENT OBJECTIVES

The objective of this project is to provide support for a singleton contract agent, LIHUFF-1 who is the Executive Director of the most important organization of American businessmen in Mexico. He also continues to have access to right-wing political elements and organizations in Mexico; and through these contacts, has access to a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico - UNAM).

B. CHANGES

1) Operational Mechanism

The LIHUFF Project was approved 18 June 1966 for the period 1 July 1966 through 30 June 1967. LIHUFF-1, the contract agent involved, has been a contact of the Mexico Station since 1950. Before that time he was a contract agent for Station Panama when he was in business in that area. In November 1962 the relationship was formalized into contract status with LIHUFF-1 acting as a funding channel to an anti-Communist research group and rightist student group headed by LIHUFF-2, as well as handling LICHANT-1 and reporting on right-wing activities from other conservative business sources. Subsidies to action groups were discontinued via LIHUFF-1 during 1965. During 1966 LIHUFF-1 has been used as a support asset doing credit and other type investigations with his overt position as cover. Dun and Bradstreet listings and investigations are examples of the kind of checks LIHUFF-1 provides.

2) Agents

The only agent to be supported by this project for the coming year is LIHUFF-1.

C. INTELLIGENCE PRODUCTION

This agent is used as a source for background, operational and investigative data. For that reason, the Mexico Station makes no effort to justify this project on the basis of positive intelligence dissemination or the number of dispatches or cables produced by it. LIHUFF-1 meets regularly with and is handled directly by Willard C. CURTIS, Chief of Station, Mexico. The agent is used to obtain information on activities of right-wing political groups in Mexico. Much of this is marginal in comparison with activities of other

political groups, nevertheless, the Ambassador depends upon Station Mexico for information on all political groups. LIHUFF-1 is the only Station asset who circulates freely in these circles. During the past year, LIHUFF-1 has conducted through his organization, investigations and checks on firms and individuals connected with them. This type of operational data is not available from any other sources. LIHUFF-1 has access to all reports produced by Dury & Bradstreet in Mexico; and can have investigations initiated by them and others.

D. EFFECTIVENESS

Some examples of the effectiveness of this project are:

- 1) During the past year, LIHUFF-1 provided guidance to a right-wing action group which launched a press attack against the Commercial officer of the Czech Embassy (Subject of 201-204656) which resulted in his PCS transfer from Mexico.
- 2) In late August 1966 LIHUFF-1 arranged for a right-wing action group to conduct a harrassment of a Chinese Communist Art Exhibit at the UNAM which resulted in the closing of the exhibit. This action was taken as a result of a personal request of the Chief LMPURE. Results were reported to Headquarters.
- 3) In October 1966 LIHUFF-1 arranged for a student action group to conduct a demonstration in front of the Soviet Embassy on the 10th anniversary of the crushing of the Hungarian rebellion. This resulted in considerable press comment against the Soviets with photographic coverage of a casket and anti-Soviet banners on the sidewalk in front of the Soviet Embassy.
- 4) Some investigations conducted by LIHUFF-1 through his firm were:
  - a) Electrosoldadura, S. A. (of interest to the Soviet  
Lago Wenner 98, Mexico 17, D.F. Case Officer)
  - b) GSP Ingenieros Asociados, " "  
Manuel Maria Contreras 94-405  
Mexico, D. F.
  - c) Basculos Mantro, S.A. " "  
Xicotencatl 11  
Santa Clara, Edo. de Mexico
  - d) Barnices Aislantes, S. A. " "  
Lic. Alfredo PORRAS  
Ing. Ralph WIEGANDT  
Enrique OSORIO Robles

E. PROBLEMS

There have been no significant security, cover or control problems with LIHUFF-1 during the project year.

F. LIAISON

This project involves no liaison relationship.

G. INTER-AGENCY COORDINATION

This project involves no inter-agency coordination.

H. PLANS

Station Mexico plans to continue to use LIHUFF-1 as a support agent and informant on activities of right-wing political minority groups.

I. FUNDS

1. For the Past Period.

The cost of the LIHUFF Project (paid by the Mexico Station exclusive of Headquarters costs) from 1 July 1966 through 31 May 1967 was approximately US\$ 120.00 which does not include Subject's salary of US\$ 3,300 (300 per month) advanced locally and T/Aed to Headquarters.

2. During the Next Project Year.

During the period 1 July 1967 through 30 June 1968, an estimated US \$4,200 is requested. It will be used in the following manner:

LIHUFF-1 Salary	\$3,600.00
Operational Expenses	600.00
	<hr/>
Total	\$4,200.00

The above represents what Chief of Station Mexico believes is the minimum that will be required to keep a working-level relationship with this agent and his organization.

CONFIDENTIAL

J. ANNEX

None

K. EMERGENCY CONDITIONS

There has been no change since the last project renewal.

CONFIDENTIAL









SECRET

8 June 1966

MEMORANDUM FOR: Chief, WH Division

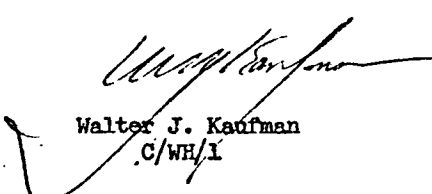
SUBJECT : LIHUFF Project Renewal

1. It is requested that the LIHUFF Project be renewed for the period 1 July 1966 through 30 June 1967 for \$4,200. It was approved for \$9,000 last year, reflecting a 50 per cent cut this year in an effort to cut to a minimum project obligations. Funds are available in WH Division.

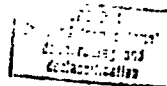
2. LIHUFF provides the Station's only agent with access to rightist political organizations. The information gathered through LIHUFF-1 is used mainly for background information for operational planning and Embassy memoranda, rather than for positive dissemination. The Station and WH/1 believe that the Station needs to get this other side of the picture in order to balance out the reporting on leftist activity in Mexico.

3. Since July 1965, LIHUFF has been the source of five positive intelligence reports -- four on rightist and leftist university activity and the fifth on the Fondo de Cultura Economica publishing house.

4. WH/1 recommends renewal.

  
Walter J. Kaufman  
C/WH/1

SECRET



<b>L. SPATCH</b>		CLASSIFICATION SECRET/KAPOK	PROCESSING ACTION
TO	Chief, WHD		MARKED FOR INDEXING
INFO.		XX	NO INDEXING REQUIRED
FROM	Chief of Station, Mexico City		ONLY QUALIFIED DESK CAN JUDGE INDEXING
SUBJECT	Project LIHUFF Request for Renewal		
ACTION REQUIRED - REFERENCES			
<p>Reference: HMMA-26353, dated 15 June 1965</p> <p>Attached is the LIHUFF Project Renewal submitted for the period 1 July 1966 through 30 June 1967 for a total of US\$ 4,200.00 all of which will be spent in Fiscal Year 1967.</p> <p style="text-align: center;"><i>Willard C. Curtis</i> for/WILLARD C. CURTIS</p> <p>Attachment: (split) Left hand side h/w Right hand side use</p> <p>Distribution: ③ - C/WHD w/att h/w &amp; use</p>			
CROSS REFERENCE TO		DISPATCH SYMBOL AND NUMBER	DATE
		HMMA-28937	13 May 1966
		CLASSIFICATION	HQS FILE NUMBER
		SECRET/KAPOK	50 124-28

ES COPY

*LIHUFF*  
*clz*  
50-124-28/1

**SECRET//NOFORN**

**REQUEST FOR PROJECT RENEWAL**

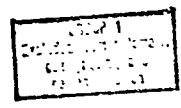
PROJECT LIHUFF

CASE OFFICER Willard C. Curtis  
Willard C. Curtis

STATION Mexico City

CHIEF OF STATION Willard C. Curtis  
Willard C. Curtis

**FORWARDED BY SPLIT TRANSMISSION  
NO FIELD DISSEMINATION.**



**SECRET//NOFORN**

50-124-28/1

L. SIDE OF ATT TO HMMA-28937

R. SIDE OF ATT. #16 HMMA-28937

SECRET

REQUEST FOR RENEWAL

PROJECT LIHUFF

A. CURRENT OBJECTIVES

The objective of this project is to provide for the operational and administrative support for a high-level contract agent, LIHUFF-1, who has access and is a participant in the right-wing political elements and organizations in Mexico; and through one of these contacts, has access to a right-wing student group (principally at the Universidad Nacional Autonoma de Mexico - UNAM).

B. CHANGES

1) Operational Mechanism

The LIHUFF Project was approved in September 1965 for the period 1 July 1965 through 30 June 1966. LIHUFF/1, the singleton agent involved, has been a contact of the Mexico Station since 1950. Before that time he was a contract agent for Station Panama when he was in business in that area. In November 1962 the relationship was formalized into contract status with LIHUFF/1 acting as a funding channel to an anti-Communist research group and rightist student group headed by LIHUFF/2, as well as handling LICHANT/1 and reporting on right-wing activities from other conservative business sources. This activity was funded from Station OOA until 1 July 1965. The LIHUFF Project provided only for salary and operational expenses for LIHUFF/1.

2) Agents

The only agent to be supported by this project for the coming year is LIHUFF/1. No further subsidies are planned to LIHUFF/2. LICHANT/1 was relieved of his position in the Ministry of Education and is not included as a part of the LIHUFF Project. However, LIHUFF/1 continues in his private business capacity to solicit funds for the LIHUFF/2 group and will continue to use them as sources for information on right-wing political activities.

C. INTELLIGENCE PRODUCTION

The Mexico Station makes no effort to justify this project on the basis of positive intelligence disseminations. The information is primarily for background. It is often too sketchy for formal dissemination and is

SECRET

SECRET

-2-

frequently overtaken by public events before a dissemination can be made. LIHUFF/1 meets regularly with and is handled directly by Willard C. Curtis, Chief of Station Mexico. The agent is used to obtain information in response to Priority A.3. of the most recent Related Mission Directive (HMM-4218, 27 July 1966). In addition to the RMD, Chief PBSWING depends upon Station Mexico for information on all political groups. LIHUFF/1 represents the only high-level source trained and available who can circulate freely in Mexican conservative political circles and provide the Mexico Station with information on their activities. During the past project year LIHUFF/1 has provided the Station with the following general categories of information:

- 1) Memoranda on leftists or Communist affiliation of members of the Mexican intellectual and official community. This is generally based on contribution of funds or public assistance in behalf of known leftist or Communist organizations, hence the information is useful for background rather than dissemination.
- 2) Information on Catholic Church activities in Mexico, including press clippings and periodic reports on the rightist student action group, Movimiento Universitario Renovadora Orientacion (MURO) active at the Universidad Nacional Autonoma de Mexico (UNAM), the Universities of Puebla, Guadalajara and Michoacan. HMM-10,325, the only positive intelligence dissemination received from LIHUFF during the past project year was obtained from the MURO group at UNAM. In August 1965, Chief, PBSWING asked for a complete report on "Los Tecos", a right-wing Catholic secret society of which MURO is a student arm. This information was required by Chief, PBSWING, to make a decision on the application of the Universidad Autonoma de Guadalajara (U.A.G.) for certain U.S. Government-sponsored monetary grants of several hundred thousand dollars to be used for development of this anti-Communist University which is competitive with the Communist dominated University of Guadalajara. From background data previously supplied by LIHUFF and other sources, a detailed report was made available to Chief, PBSWING.
- 3) Anti-Communist publications from LIHUFF/2's right-wing research center and MURO student publications, all of which are available to Headquarters and are of interest to the Station for background.

D. EFFECTIVENESS

This project provides the Station with a window into right-wing

SECRET

SECRET/KAFCK

political activities. Also, as previously reported to Headquarters, the groups influenced by LIHUFF/1 represent a potential for counterbalancing for leftist and Communist pressure groups. One example of this can be cited in action taken by student MURO leaders in August 1965. The Cuban Ambassador to Mexico, Joaquin HERNANDEZ Armas, set about making speeches at Mexican (leftist) Universities of Tabasco, Michoacan and Guadalajara proposing Mexican-Cuban student exchanges. MURO members immediately set up a storm of public protest, demanding that HERNANDEZ Armas be declared persona non-grata for spreading subversive propaganda and agitating on university campuses. This caused HERNANDEZ Armas to be a target for considerable unpleasant press publicity. Through LIHUFF/1, the Station Mexico can exploit such incidents when it is to KUBARK's advantage to do so.

E. PROBLEMS

There have been no significant security, cover or control problems with LIHUFF/1 during the project year.

F. LIAISON

This project involves no liaison relationship.

G. INTER-AGENCY COORDINATION

This project involves no inter-agency coordination.

H. PLANS

Station Mexico plans to continue to use LIHUFF/1 as an informant and monitor of activities of right-wing political minority groups.

I. FUNDS

1. For the past period.

The cost of the LIHUFF Project (paid by the Mexico Station exclusive of Headquarters costs) from 1 July 1965 through 30 April 1966 was approximately US\$ 5,150.00 which included Subject's salary of US\$ 3,000.00 (@300 per month). US\$ 3,250.00 is available for the remainder of the project year.

SECRET MEXICO

-4-

2. During the next project year.

During the period 1 July 1966 through 30 June 1967, an estimated US\$ 4,200.00 is requested. It will be used in the following manner:

LIHUFF/1 Salary	\$3,600.00
Operational expenses	600.00
	<hr/>
Total	\$4,200.00

The above represents what Chief of Station Mexico believes is the minimum that will be required to keep a working-level relationship with this very useful agent.

J. ANNEX

None.

K. EMERGENCY CONDITIONS

If an official anti-USA atmosphere of sufficient intensity prevailed in Mexico, it is unlikely that LIHUFF/1 could remain in the country in his present business. In a general emergency, LIHUFF/1 would maintain contact by Chief of Station Mexico by telephone, mail or personal visits.

SECRET MEXICO

# DISPATCH

Chief, of Station, Mexico City

Chief, WH Division

MISPAW/EUTWA/LIBBY

Action Required: Progress Report and Project renewal  
Reference: HSM-25337

1. The LIBBY Project expires on 1 July. In view of the planned absence from Headquarters of the Case Officer during all of June and July, we request that the renewal (both sections) reach Headquarters not later than 15 May 1966.

2. In view of the lack of any progress reporting in more than a year, (the last one was HSM-25337, dated 9 February 1965), Headquarters may have a difficult time supporting the Station's renewal request. Therefore, you should prepare a fairly detailed renewal in the form of a memorandum, although justification should be on the basis of intelligence take, according to Headquarters records only two reports were received from LIBBY during the calendar year 1965 (11-1965), and one of these was from LIBBY-1. With these statistics at hand, it is doubtful that this project can be renewed on the basis of intelligence collection alone. Unless the Station can strongly justify retention of LIBBY-1 on any other grounds, we anticipate a very critical and unsympathetic reception by the proper reviewing authorities.

3. You included LIBBY-1 in last year's renewal. Since he has been relieved of his position in the Ministry, we would appreciate details of the Station's current interest in LIBBY-1, and any contact we are getting via through LIBBY-1. (Note, according to Headquarters records, the last intelligence report from LIBBY-1 was HSM-9955, dated 12 December 1965).

4. Headquarters noted in the last LIBBY Progress Report that the Station was still supporting LIBBY student activities. As you recall, in HSM-03903 of 22 April 1965 on the basis of a discussion the previous January with the Station, it had been agreed that by June 1965 all subsidies to LIBBY's student organization would be terminated. Headquarters' feeling that the LIBBY student activity should not receive LIBBY funding has not changed, this was reconfirmed in Headquarters memo from Dispatch No. 5440 of 25 March 1966. In view of this, coupled with the fact that the LIBBY Project funds have been cut to \$0,000 for FY 1967 in the Operational Program, we feel that the financial support of \$500 per month should be withdrawn from the LIBBY student group. We would appreciate receiving your comments on the termination of this subsidy.

Continued...

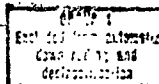
Distribution:

2 - COB, Mexico City

12 April 1966

*Le Staff  
P.K.*

HSM-14500



18 APR 1966

SECRET

50-127/3  
50-124-23/3  
50-124-23/1

	OPERATING	
	REPAIRS	
	MAINTENANCE	
	REPLACEMENT	
	REWORK	
	DATE	



CONTINUATION OF  
DISPATCH

CLASSIFICATION

**S E C R E T**

DISPATCH SYMBOL AND NUMBER

**HRST-14900**

5. As you know, due to recent budget cuts for FY 1967, all projects are being reviewed closely for marginal activity which can be reduced. We suggest that the Station take a close look at the LINNY Project before preparing the renewal request, and that if renewal is decided upon, an attempt be made to reduce the operational, travel, and entertainment allowances. Large amounts of money set aside for such expenses are now being questioned at Headquarters unless they are properly explained in the Project renewal.

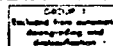
Elia L. SCALFIZI



SECRET

PROJECT APPROVAL NOTIFICATION

PROJECT <b>LIHUFF</b>		<input type="checkbox"/> CA	<input type="checkbox"/> PROPRIETARY
		<input checked="" type="checkbox"/> FI/CI	<input type="checkbox"/> SUBSIDY
			<input type="checkbox"/> DIRECT
ACTION		AREA	
	NEW PROJECT	DIVISION	
	AMENDMENT	<b>WH</b>	
<b>X</b>	RENEWAL	BRANCH	
	TERMINATION	<b>WH/1</b>	
	EXTENSION	DESK	
	OTHER	<b>Mexico</b>	
		CASE OFFICER	EXTENSION
		<b>C. Halliwell</b>	<b>4506</b>
AUTHORIZATION			
APPROVING AUTHORITY <b>Chief, WH</b>		TOTAL AMOUNT APPROVED	FY
PERIOD OF APPROVAL			AMOUNT
FROM <b>1 Jul 65</b> TO <b>30 Jun 66</b>		<b>9,000</b>	196 <b>6</b> <b>49,000</b>
		FINANCIAL CODE SYMBOL	<b>625-2152</b>
CONDITIONS OF APPROVAL			
SIGNATURE <b>(Signed) E. W. Harms</b>			DATE <b>7 SEP 1965</b>
DISTRIBUTION			
1	FINANCE DIVISION	1	BUDGET DIVISION
1	OPERATING DIVISION CHIEF OF SUPPORT	1	CASE OFFICER
1	DDP/PG	1	DDP/PG





SECRET

MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : Renewal of Project LIHUFF

1. Renewal is requested of the LIHUFF Project for the period 1 July 1965 through 30 June 1966 for a total of \$9,000. The LIHUFF Project was originally approved on 20 April 1965 for \$7,500 for the period 1 January 1965 to 30 June 1965 as a CA Project. It has been decided that the direction of the agent under this project and the project objectives in general will be changed from CA to FI, and therefore, the renewal request is being submitted as an FI Project. The Operational Program for FY 1966 included LIHUFF for \$16,000. Funds are available in WH Division.

2. The Project objectives under CA were to support and sustain MURO, a national right-wing student movement, through a long-established anti-communist front organization in Mexico, the Instituto de Investigaciones Sociales y Economicas (IISE). This support was terminated effective 30 June 1965 as it became apparent that the IISE was financially capable of providing this support on its own and MURO became more and more controversial and extremely militant on the far right. Under the new project submitted by the Station, support will be provided to a U.S. contract agent who has access to a wide variety of right-wing political elements and organizations in Mexico. The project is responsive to Priority A3d and f of the RMD.

3. This project is the only project in the Mexico Station which will cover rightist political activity in Mexico, emphasis in other projects and operations being geared against the extreme left and the present political party, the PRI, which is slightly left of center. Other than LICHANT-1, the only other access to the Ministry of Education is LIBELER who is carried under his own project.

SECRET

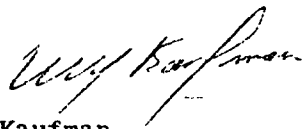
SECRET

-2-

4. Headquarters and the Station are looking forward to receiving better coverage on the rightist political activity in Mexico. WH/1 is preparing guidelines and requirements for this project which will reflect the needs of the intelligence community. These requirements will be furnished the field so that proper utilization can be made of LIHUFF-1 and his contacts and informants. During the last fiscal year, three reports were credited in full or in part to LIHUFF-1.

5. Last year the Station submitted regular quarterly progress reporting in addition to more detailed reporting on certain activities. The Station will be reminded to provide a minimum of quarterly reporting during the next year.

6. WH/1 recommends approval of the new LIHUFF Project as it is set forth in the attached Station renewal request. The delay in submission of the renewal request is that it was just decided to change this Project to FI and cancel out most of the CA aspects. As a CA Project the renewal request was not due at Headquarters until mid-July 1965.

  
W. J. Kaufman  
Chief, WH/1

SECRET

WH/POA 289-63

4 August 1965

MEMORANDUM FOR: DC/WHD

SUBJECT : LIHUFF Renewal

1. Project LIHUFF has been active as a CA project for a number of years. It is now being renewed and submitted as an FI project. Its purpose and objective is to support a singleton U.S. contract agent (LIHUFF-1) who has access to a wide variety of right wing political elements and organizations in Mexico in order to develop information on this political and social sector. This effort is in consonance with priority A3d and f of the RMD and is the only one which covers rightist political activity in Mexico.

2. Since LIHUFF was previously a CA project, there is, therefore, no data on which to judge past intelligence product although three reports resulted in the past year. The Mexican Desk and the Station are taking steps to prepare suitable requirements in keeping with LIHUFF-1's access and the objectives of the project.

3. The reporting received from the Station with regard to the operational status of the agent and project appears to have been adequate in the past. There are no apparent security or control problems.

4. \$9,000 has been requested in support of the project effective 1 July 1965. Of this amount \$5,400 is marked for operational expenses, entertainment, and travel. A study of the detailed project outline leads to the conclusion that this latter figure is somewhat excessive when viewed against anticipated operational activity and in all likelihood only very little of it will be expended.

5. Project LIHUFF is recommended for approval.

GERARD DROLLER  
C/WH/POA

SECRET

**SECRET**  
(When Filled In)

PROJECT ACTION				PROJECT CRYPTONYM		
				LIRUFF		
	TYPE OF ACTION		FI/CI	XX	CA	
	XX NEW PROJECT APPROVAL	DIVISION Western Hemisphere				
	AMENDMENT NO.	FIELD STATION Mexico				
	RENEWAL FY 196	BRANCH WH/1	DESK Mexico			
	EXTENSION	CASE, CENTER <i>C. Hallersted</i>				
TERMINATION	ROOM NO. 3B2607	BUILDING Headquarters	EXTENSION 4523			
CONCURRENCES OF DIVISION						
ORGANIZATIONAL ELEMENT	TYPED NAME (And signature)	DATE	COPY NO.	MEMORANDUM ATTACHED		
				YES	NO	DATE
C/WH/1	W. J. Kaufman by <i>D. G. Spira</i>	2 Feb 65				
WH/B&F	Robert Carter <i>R. Carter</i>	2 Feb 65				
C/WH/SS	N. E. Brooks <i>N. E. Brooks</i>	2/3				
WH/CA/PG	Dorothy Matthai <i>D. Matthai</i>	2/5				
C/WH/CA	Seymour Bolten <i>S. Bolten</i>	7/25				
WH/EXO	Samuel Halpern <i>S. Halpern</i>	28 Feb 65				
CONCURRENCES OF OTHER COMPONENTS						
CI/OPS	<i>All higher</i>					
CCS	<i>Edward Bradley</i>					
DC/CA						
DDP/PG/CA						
DDP/C-PG						
APPROVAL						
	PERIOD		TOTAL AMOUNT	FY	AMOUNT	
	FROM 1 Jan 1965	TO 30 June 1965	\$ 7,500	196	\$ 7,500	
APPROVING AUTHORITY Dir. C/WH	SIGNATURE <i>R. W. Halpern</i>		DATE 20 APR 1965			



SECRET/KAPOK

MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : Approval of Project LIHUFF

1. WH/1 requests approval of Project LIHUFF in the amount of \$7,500 for the second half of FY 1965. The project has been programmed in the amount of \$20,000 for FY 1965 and these funds are available in WH.

FINANCIAL DATA:

<u>Fiscal Year</u>	<u>From Developmental Funds</u>
1963	\$ 5,000
1964	19,000
1965 (Second half)	7,500

2. This new project is to provide some support and help sustain an independent Mexican anti-communist group called the Instituto de Investigaciones Sociales y Economicas. The group founded in 1953 has as its aim the spreading of the principles of free enterprise and private initiative. LIHUFF is particularly active in the student field, having organized a nation-wide, right-wing, active student organization called Movimiento Universitario de Renovadora Orientacion (MURO). LIHUFF funds will be used to pay a salary to LIHUFF-1, an American businessman with previous experience with CIA in Panama, and for spot covert action activities such as the militant anti-communist student activities in the universities and the placement of articles in the press.

3. Effectiveness

During the developmental period of this activity, the following indications of effectiveness have been reported:

A. Former Ambassador Thomas Mann valued the IISE publication "Espejo" as worth far more than what one man in the field could accomplish. (Station funds no longer support "Espejo.")

B. The IISE continues to provide the Station with a research facility not otherwise available.

C. Provided the Station with a valuable intellectual asset, Manuel Calvillo Alonso, who is a source of FI on right-wing political groups and who completed a book at Station request on the "Penetration of the Mexican Educational System by Communists."

SECRET/KAPOK

SECRET/KAPOK

D. MURO's 200 shock troops have campaigned vigorously against Communism and pro-Castro groups at the National University (UNAM), and in the Universities of Puebla and Guadalajara. MURO takes major credit for the ouster in past months of Communist rectors from the Universities of Monterrey, Puebla, Guadalajara, and Morelia; MURO continues to place anti-communist articles in the national media of interest to students and government leaders; MURO has carried out successful demonstrations against the Soviet Embassy.

E. MURO took an active part in cabling the Chilean government protesting the Communist nature of the Latin American Youth Conference in Santiago.

F. LIHUFF-2 is used by the Station for writing and placing certain types of strong anti-Soviet articles in Excelsior and El Universal.

G. LIHUFF-2 acquired evidence of a large purchase of American hospital supplies by two professors at UNAM for transshipment to Cuba.

#### 4. Security

The IISE is funded through a cut-out in such a way that CIA participation is concealed. Only LIHUFF-1, who is met clandestinely by a Station case officer, is witting of the true source of funds. There have been no security problems during the developmental period of this activity.

5. Reporting on this proposed project has been adequate. Five progress reports were received during the past year.

W. J. Kaufman  
Chief, WH/1

-2-  
SECRET/KAPOK

SECRET/KAPOK

PROJECT LIEUFF

A. Identification

Mexico City, Mexico--Political Action. See C. below for other countries which may become involved.

B. Objectives.

To support and sustain a national right wing student movement, Movimiento Universitario de Renovadora Orientacion (MURO), through a long-established anti-communist front organization in Mexico, the Instituto de Investigaciones Sociales y Economicas (IISE). To maintain and influence significantly this front group by obtaining a measure of substantial control through this continued funding. To assist in maintaining a counterbalancing influence on the common party, PRI, against far leftist pressures through this organization, IISE. To accomplish the following objectives in the Related Mission Directive: Priority A. 3f; Priority B. 3a, b, c.

C. Background.

1. The IISE was founded in 1953 under the auspices of a group of Mexican bankers, industrialists, and merchants to spread the principles of free enterprise and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to explore the dangers of Communism, particularly in its economic aspects, and hyper-nationalism; it has organized the student group MURO; it has published books, pamphlets, and news letters on Communism as well as the dangers of economic socialism; it has engaged in considerable press placement on various matters involving private initiative and the Communist threat; and it has accumulated a file of basic data on events and individuals revolving about Communism that would be difficult for any private Mexican group to duplicate.

2. In June 1960, LIEUFF-1 visited the Embassy's Political Counselor and requested an Embassy contact with LIEUFF-2's organization. Subsequently, the Ambassador asked the COS to explore the possibility of giving financial help to the group headed by LIEUFF-2. In mid-August 1962 (RIS-2530 RYBAT), Oliver G. GALBOND advised the Mexico Station that the group had been receiving partial financial aid from a group of U. S. business corporations solicited by Mr. Henry Holland, now deceased, and that Headquarters had also provided some financial assistance through this channel. After the death of Mr. Holland, it was recommended that the funding be handled through the Mexico Station. Specifically, this was to help pay for the publication "Espejo," an economic journal which strongly supports the free enterprise system. The Ambassador was consulted and he replied that he thought LIEUFF-2 was one of the few economists in Mexico fighting Communism.

SECRET/KAPOK

SECRET/KAPOK

The Ambassador also said that everything possible should be done to support "Espejo" (E324F-3023 HIRAT 1926, 30 August 1962).

3. A project was submitted by the Station on 22 March 1963 (E324A-20931), but Headquarters on 12 July 1963 (DIR-53801) indicated the project had been disapproved as submitted and that instead the Station funding should support the student activity MURO on a spot assistance basis. This was done with the U. S. business associates of LIHUFF-1's picking up the cost of the "Espejo" magazine, some \$1,200 per month. The Station's assistance since that time has been confined to the payment of LIHUFF-1's salary (\$500 per month) and the payment of \$500 per month to MURO. The Station, however, retains access to the full range of the LIHUFF mechanism and potential.

4. MURO, the militant student organization, is extremely active in the political action field, in the provinces as well as in the capital. The IISE organization has its offices in Mexico City, with associated offices in Salvador and Guatemala and working contacts in the provinces of Mexico and in several capital cities of Latin America.

5. LIHUFF devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or freedom. In Mexico this type of organization is rather unique, as the trend in Mexico is toward more government intervention. The IISE also prepares and sends out provincial newspapers editorials featuring anti-communist themes. In the last five years the IISE has collected seventy loose-leaf binders filled with editorial clips authored in the IISE office. This organization also sponsors a training course at which interested groups of 15 to 20 persons are indoctrinated.

6. LIHUFF-2, the Director of the IISE, has shown complete dedication to the program. The members of the organization, especially the students, have demonstrated courage and competence in a variety of operations.

D. Operational Assets.

1. Personnel.

1. LIHUFF-1 is a 48-year-old American businessman who acts as a cut-out and operational adviser to LIHUFF-2, the Director of the group. LIHUFF-1 worked for CIA in Panama from April 1947 until April 1949 when he returned to Mexico. He was in contact socially with members of the Mexico Station and in November 1962 was hired for the above work. Training was not required since LIHUFF-1 has been in intelligence work from his service with U. S. military intelligence during WWII. He was engaged to work for U. S. military intelligence in Mexico until late 1962. He knows he is working for CIA. HMW-11040 of 25 October 1962 granted an CA for LIHUFF-1.

-2-

SECRET/KAPOK

SECRET/KAPOK

2. LIEUFF-2 is a 47-year-old Mexican lawyer. He is also a well-known economist who directs an economic research organization in Mexico and other Latin American countries. He is met by LIEUFF-1. LIEUFF-2 probably suspects that funds may come to him from the U. S. Government; however, cover used is that the money is from private business groups. He was granted an CA on 26 October 1962.

2. Mechanisms.

1. The principal officers of the IISE group are listed in Appendix 1. During early 1964 MURC organized a strong and large chapter of its organization at the University of Vera Cruz, Jalapa. This University has some 23,000 students and a sizable communist infiltration in its student ranks. This makes four universities now in which MURC has chapters: Universidad Nacional Autonoma de Mexico (UNAM), University of Puebla, University of Guadalajara, and the University of Vera Cruz. Three of these, with the exception of Guadalajara, are noted centers of communist activities.

2. a. The IISE organization frequently and regularly makes press placements in all of Mexico City's leading newspapers. Its editorial features are also regularly accepted by provincial publications. General propaganda and political actions of the organization will be influenced and guided by the Station.

b. The IISE editorial service for provincial newspapers has been used by the Station.

c. The IISE's international connections, especially the associated offices in Salvador and Guatemala, will be exploited.

d. The Station will continue to call on the IISE to fill research needs.

e. Samples of publication and propaganda material are attached.

E. Security Evaluation.

The IISE organization is funded through a cut-out in such a manner that CIA participation is concealed. It is not connected in any way with any other CIA operation. There have been no security problems which have come to the attention of the Station in connection with this activity. Both LIEUFF-1 and LIEUFF-2 have been, to the Station's knowledge, quite discreet about their relationship. In view of the nature of the IISE, there has been no curiosity about the source of funds contributed by the Station.

SECRET/KAPOK

F. Coordination.

1. All coordination with other U. S. elements will be handled by the COS Mexico as such situations arise. For the present there are none. The former Ambassador Mr. Thomas Mann asked the COS Mexico to assist the IISE group financially. Also, the operational use of LIEUFF-1 was cleared with U. S. military intelligence when it was learned that they also had an interest in using him in clandestine operations. They are not using him at the present time.

2. Relationship to Other Projects

a. LICOAX: Both projects LICOAX and MURO are operating at UJAM, a University of upwards of 80,000 students. So far there have been no basic problems of conflict since MURO is working the Catholic side of the street while LICOAX works on the so-called "independents," and there is still plenty of room for both to operate. In this connection, it should be noted that a great deal of MURO student effort is devoted to universities outside Mexico City.

b. LISIREN: This project is concerned with a mass propaganda approach to Communism in Mexico. It is headed by a group of businessmen known as the Committee of Nine. The only relationship between LIEUFF and LISIREN is in the fact that four of the members of the Committee of Nine are also members of LIEUFF's 26-man "Board of Directors." This does not necessarily mean an interlocking directorate between the two projects since, as in many similar activities in the U. S., individuals interested in civic or outside activities of this nature are frequently tapped to serve in multiple assignments.

c. LILISP/C: Since LILISP/C is a National Student Organization stressing student affairs in the interior of Mexico, obviously LIEUFF and LILISP/C are working in the same general field in universities outside Mexico City. However, in these universities in which LIEUFF is concentrating its efforts, this can be a complementary relationship since LIEUFF can work in much more depth in these universities than can LILISP/C and can affiliate its groups to the LILISP/C National Student Confederation which is the only one now generally recognized in Mexico. LILISP/C, as a National Student Confederation, obviously can only spend very limited time on any single university or situation.

G. 1. Costs.

It is requested that the following estimates be approved for use in the LIEUFF project for the period 1 January 1965 through 30 June 1965.

	<u>FY64</u>	<u>FY65</u>
LIEUFF-1 Salary	\$ 5,000	\$2,500
"Espejo"	12,000	-----
MURO Student Organization	.8,000	5,000

Station Mexico proposes to pay only a portion of the IISE operation. It is not intended that this partial support will make the organization a completely controlled station asset. It will make it responsive to station guidance. The organization receives funds from private groups but the Station does not know the amounts of all the donors and it is unlikely that we will ever know these exactly.

2. Foreign Currency.

There are no special requirements for foreign currency.

3. Commitments.

No permanent commitments have been made.

4. Funding and Accountability.

Funds will be paid to LIEUFF-1 by the inside case officer. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

H. Annexes.

1. Administrative Plan or Fiscal Annex.

It is not believed that this annex is required for the LIEUFF Project.

2. Communications.

There are no communications requirements for the present time.

3. Technical Support.

There are no technical support requirements for this project.

4. Logistics.

There are no logistical requirements for this project.

5. Intelligence.

Operational intelligence from other U. S. Agencies is not required. Intelligence production from this developmental project has included nine FI reports during 1964 aside from a good deal of report material which, though not disseminable, is of considerable interest to the Station.

SECRET/KAPOK

APPENDIX I

Principal Officers of the IISE:

Director: Lic. Agustin NAVARRO V.  
Lic. Carlos SANCHEZ MEJORADA  
Enrique UETHEFF  
Hugo SALINAS  
Lic. Gustavo R. VELASCO  
Ing. Jose RIVERA R.  
Lic. Pedro ASIS Sais  
Anibal de ITURBIDE  
Mariano R. SUAREZ  
Ing. Jose de la MACORRA  
Jacobo PEREZ Barroco  
Lic. Arturo BUENO Y Urquidi  
Lic. Carlos LOPEZ de Llergo  
Ernesto J. AYESCUA  
Guillermo GUAJARDO Davis  
Jose A. ESCALDON  
Lic. Eduardo PRIETO Lopez  
Antonio L. RODRIGUEZ  
Tomas G. COARASA  
Lic. Antonio PEREZ Verdía Jr.  
Adolfo I. RIVEROLL  
Federico SANCHEZ Fogarty  
Clemente SERNA Martinez  
Cayetano BLANCO Vigil  
Felix DIAZ Sarra  
Enrique AYALA Medina

SECRET/KAPOK



<b>DISPATCH</b>	CLASSIFICATION	PROCESSING ACTION	
	SECRET/KAPOK		MARKED FOR INDEXING
TO	Chief, WH Division	XX	NO INDEXING REQUIRED
INFO.			ONLY QUALIFIED DESK CAN JUDGE INDEXING
FROM	Chief of Station, Mexico City <i>W.C.</i>		MICROFILM
SUBJECT	Project Approval Request		
ACTION REQUIRED - REFERENCES			
<p>1. The attached project outline is presented for approval.</p> <p>2. It would be appreciated if the cryptonym of LIHUFF/1 could be changed to conform with the new project cryptonym.</p> <p style="text-align: right;"><i>Willard C. Curtis</i> Willard C. CURTIS</p>			
Enclosures:			
<p>1. Left hand side, h/w</p> <p>2. Right hand side, u/s/c</p> <p>3. Identities, u/s/c</p>			
Distribution:			
<i>3</i> WH, w/encls			
<small>69207 1</small> <small>Exclude from automatic</small> <small>downgrading and</small> <small>declassification</small>			
NO FIELD DISSEMINATION		CS COPY	50-124-28/1
CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER	DATE	
	HMA-26353	15 June 1965	
	CLASSIFICATION	HQS FILE NUMBER	
	SECRET/KAPOK		

SECRET/KAPOK

I. Emergency Conditions.

Since the Director of the group is a Mexican national, he could continue living and working in Mexico in the event of emergency anti-U. S. situations; however, he probably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or cease to function in Mexico. However, a change in the Mexican political scene may not affect the group's offices in other Latin American countries. In the event of an emergency situation, contact can be made by the case officer with either LIHUFF-1 or LIHUFF-2.

SECRET/KAPOK

ORIG: C/HALLIWELL  
UNIT: WH/1  
EXT: 4523  
DATE: 21 APRIL 1965

INDEXED  
 NO INDEX  
 FILE IN CS FILE NO. 50-124-28/1

**SECRET**

5	
6	CA
7	12
8	P

TO: Mexico City

FROM: DIRECTOR

CONF: *LIH8*

INFO: CA2, PG2, VR, FILE, C/DA

22 APR 65 23 07z

SIG GEN

TO: MEXI INFO: CITE DIR

REFS: A. HMMA 25728\*  
B. DIR 99774\*\*

03908

MHSPAWN LIHUFF

LIHUFF APPROVED 20 APRIL 65 FOR \$7500 LAST HALF FY 65.  
DECISION AS DISCUSSED IN JAN 65 WITH STATION IS TO TERMINATE  
BY JUNE 65 ALL SUBSIDIES TO MURO. IN EVENT LIHUFF-2  
RETAINED ON PAYROLL IN FY 66 STATION SHOULD RENEW LIHUFF  
AS SUPPORT PROJECT ONE PLACE L-1 UNDER OTHER PROJECT.

END OF MESSAGE

WH Comment: \*The Station would appreciate a response to the  
status of the LIHUFF project and what has been the final  
decision. \*\* Please advise effective date LIHUFF-1 MOC  
change. Expect for second half FY 65 \$2500 for L-1 salary.

WH/B&F *[Signature]*  
WH/PO/B *[Signature]*

*[Signature]*  
DESMOND FITZGERALD  
CHIEF, WHD

*[Signature]*  
W. J. KAUFMAN  
CHIEF, WH/1

*[Signature]*  
File LIHUFF  
SD-124-28/1

5  
4  
3  
2  
1

RELEASING OFFICER

COORDINATING OFFICERS  
**SECRET**

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

AUTHENTICATING OFFICER

Copy No.

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED.

SECRET

PROJECT APPROVAL NOTIFICATION

PROJECT	<b>LIHUFF</b>	<input checked="" type="checkbox"/> CA	<input type="checkbox"/> PROPRIETARY
		<input type="checkbox"/> F/CI	<input type="checkbox"/> SLS/D
			<input type="checkbox"/> DIRECT

ACTION		AREA	
<input checked="" type="checkbox"/> NEW PROJECT		DIVISION	<b>WH</b>
<input type="checkbox"/> AMENDMENT		BRANCH	
<input type="checkbox"/> RENEWAL			<b>1</b>
<input type="checkbox"/> TERMINATION		DESK	<b>Mexico</b>
<input type="checkbox"/> EXTENSION		CASE OFFICER	EXTENSION
<input type="checkbox"/> OTHER		<b>C. Halliwell</b>	<b>4523</b>

AUTHORIZATION			
APPROVING AUTHORITY	<b>Chief, WH Division</b>	20 April 1965	TOTAL AMOUNT APPROVED
PERIOD OF APPROVAL	FROM <b>1 July 1964</b>	TO <b>30 June 1965</b>	<b>\$ 7,500</b>
			FY
			<b>1965</b>
			AMOUNT
			<b>196</b>
		FINANCIAL CODE SYMBOL	<b>5135-2452</b>

CONDITIONS OF APPROVAL

**Project LIHUFF approved in the amount of \$7,500 for FY 1965.**

SIGNATURE	<b>(Signed) HENRY E. KING, JR</b>	DATE	<b>27 APR 1965</b>
DDP/PG			

DISTRIBUTION												
<b>APR 0120</b>	1	FINANCE DIVISION	1	SSA-DD/S	1	BUDGET DIVISION	1	OPERATING DIVISION CHIEF OF SUPPORT	1	CASE OFFICER	2	DDP/PG

ORIG: C. Halliwell:ljc  
UNIT: WH/1  
EXT: 4523  
DATE: 7 April 1965

MESSAGE FORM

INDEX  
 NO INDEX  
 FILE IN CS FILE NO. 50-124-28/1

ROUTING

1		5
2		6
3		7
4		8

TO: MEXICO CITY

FROM: DIRECTOR

CONF: W N 8

INFO PG2, CA2, VR, FILE

7 APR 65 13 52Z

SIGSER

TO: MEXI

INFO:

CITE DIR

MHSPAWN LIHUFF

99774

EXPECT APPROVAL LIHUFF TOTAL \$7,500 LAST HALF FY 65. OF THIS  
\$2,500 FOR LIHUFF-1 SALARY IN LINE DISCUSSION WITH CURTIS RE LIHUFF.  
MCC  
PLS ADVISE EFFECTIVE DATE CONTRACT CHANGE.

END OF MESSAGE

WH/B&F Casey (in draft)

~~SECRET~~ *WJ/K*

*P. W. Herbert*  
Desmond FitzGerald  
C/WED

*W. J. Kaufman*  
W. J. Kaufman  
C/WH/1  
50-124-28/1

RELEASING OFFICER

COORDINATING OFFICERS

SECRET

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

AUTHENTICATING OFFICER

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED.

Copy No.

SECRET  
(When Filled In)

*30 June file*

PROJECT ACTION				PROJECT CRYPTONYM			
				<b>LIEBP</b>			
	TYPE OF ACTION			F1/C1	EX	CA	
	<b>XX</b> NEW PROJECT APPROVAL	DIVISION		<b>Western Hemisphere</b>			
	AMENDMENT NO.	FIELD STATION		<b>Mexico</b>			
	RENEWAL FY 196	BRANCH	DESK	<b>Mexico</b>			
	EXTENSION	CASE OFFICER		<b>C. Halliwell</b>			
TERMINATION	ROOM NO.	BUILDING	EXTENSION	<b>32607 Headquarters 6503</b>			
CONCURRENCES OF DIVISION							
ORGANIZATIONAL ELEMENT	TYPED NAME (And signature)			DATE	COPY NO.	MEMORANDUM ATTACHED	
	YES	NO	DATE				
<b>C/WI/L</b>	<b>V. J. Kaufman</b>						
<b>WI/L&amp;P</b>	<b>Robert Carter</b>						
<b>C/WI/AS</b>	<b>V. H. Trepte</b>						
<b>WI/CA/FO</b>	<b>Dorothy Matthai</b>						
<b>C/WI/CA</b>	<b>Seymour Bolton</b>						
<b>WI/NO</b>	<b>Suzuki Halpern</b>						
<b>C/WI</b>	<b>Deborah Fitzgerald</b>						
CONCURRENCES OF OTHER COMPONENTS							
APPROVAL							
	PERIOD		TOTAL AMOUNT	FY	AMOUNT		
	FROM	TO					
	<b>1 Jan 1965</b>	<b>30 June 1965</b>	<b>\$7,500</b>	<b>1965</b>	<b>\$7,500</b>		
				<b>196</b>	<b>\$</b>		
APPROVING AUTHORITY			SIGNATURE		DATE		
<b>C/WHD</b>							

SECRET/KAPOK

MEMORANDUM FOR: Chief, Western Hemisphere Division

SUBJECT : Approval of Project LIIHFF

1. WH/1 requests approval of Project LIIHFF in the amount of \$7,500 for the second half of FY 1965. The project has been programmed in the amount of \$20,000 for FY 1965 and these funds are available in WH.

FINANCIAL DATA:

<u>Fiscal Year</u>	<u>From Developmental Funds</u>
1963	\$ 5,000
1964	19,000
1965 (second half)	7,500

2. This new project is to provide some support and help sustain an independent Mexican anti-communist group called the Instituto de Investigaciones Sociales y Economicas. The group founded in 1953 has as its aim the spreading of the principles of free enterprise and private initiative. LIIHFF is particularly active in the student field, having organized a nation-wide, right-wing, active student organization called Movimiento Universitario de Renovadora Orientacion (MERO). LIIHFF funds will be used to pay a salary to LIIHFF-1, an American businessman with previous experience with CIA in Panama, and for spot covert action activities such as the militant anti-communist student activities in the universities and the placement of articles in the press.

3. Effectiveness

During the developmental period of this activity, the following indications of effectiveness have been reported:

A. Former Ambassador Thomas Mann valued the IISE publication "Espejo" as worth far more than what one man in the field could accomplish. (Station funds no longer support "Espejo.")

B. The IISE continues to provide the Station with a research facility not otherwise available.

C. Provided the Station with a valuable intellectual asset, Manuel Calvillo Alonso, who is a source of FI on right-wing political groups and who completed a book at Station request on the "Penetration of the Mexican Educational System by Communists."

SECRET/KAPOK

SECRET/KAPOK

D. MURO's 200 shock troops have campaigned vigorously against Communism and pro-Castro groups at the National University (UNAM), and in the Universities of Puebla and Guadalajara. MURO takes major credit for the ouster in past months of Communist rectors from the Universities of Monterrey, Puebla, Guadalajara, and Morelia; MURO continues to place anti-communist articles in the national media of interest to students and government leaders; MURO has carried out successful demonstrations against the Soviet Embassy.

E. MURO took an active part in cabling the Chilean government protesting the Communist nature of the Latin American Youth Conference in Santiago.

F. LIEUFF-2 is used by the Station for writing and placing certain types of strong anti-Soviet articles in Excelsior and El Universal.

G. LIEUFF-2 acquired evidence of a large purchase of American hospital supplies by two professors at UNAM for transshipment to Cuba.

#### 4. Security

The IISE is funded through a cut-out in such a way that CIA participation is concealed. Only LIEUFF-1, who is met clandestinely by a Station case officer, is witting of the true source of funds. There have been no security problems during the developmental period of this activity.

5. Reporting on this proposed project has been adequate. Five progress reports were received during the past year.

W. J. Kaufman  
Chief, WH/1

-2-  
SECRET/KAPOK



SECRET

PROJECT LIMEF

**A. Identification**

Mexico City, Mexico--Political Action. See C. below for other countries which may become involved.

**B. Objectives.**

To support and sustain a national right wing student movement, Movimiento Universitario de Renovadora Orientacion (MURCO), through a long-established anti-communist front organization in Mexico, the Instituto de Investigaciones Sociales y Economicas (IISE). To maintain and influence significantly this front group by obtaining a measure of substantial control through this continued funding. To assist in maintaining a counterbalancing influence on the common party, PRI, against far leftist pressures through this organization, IISE. To accomplish the following objectives in the Related Mission Directive: Priority A. 3f; Priority B. 3a, b, c.

**C. Background.**

1. The IISE was founded in 1953 under the auspices of a group of Mexican bankers, industrialists, and merchants to spread the principles of free enterprise and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to explore the dangers of Communism, particularly in its economic aspects, and hyper-nationalism; it has organized the student group MURCO; it has published books, pamphlets, and news letters on Communism as well as the dangers of economic socialism; it has engaged in considerable press placement on various matters involving private initiative and the Communist threat; and it has accumulated a file of basic data on events and individuals revolving about Communism that would be difficult for any private Mexican group to duplicate.

2. In June 1960, LIMEF-1 visited the Embassy's Political Counselor and requested an Embassy contact with LIMEF-2's organization. Subsequently, the Ambassador asked the COS to explore the possibility of giving financial help to the group headed by LIMEF-2. In mid-August 1962 (ISSA-2530 RYBAT), Oliver G. CALCED advised the Mexico Station that the group had been receiving partial financial aid from a group of U. S. business corporations solicited by Mr. Henry Holland, now deceased, and that Headquarters had also provided some financial assistance through this channel. After the death of Mr. Holland, it was recommended that the funding be handled through the Mexico Station. Specifically, this was to help pay for the publication "Espejo," an economic journal which strongly supports the free enterprise system. The Ambassador was consulted and he replied that he thought LIMEF-2 was one of the few economists in Mexico fighting Communism.

SECRET/TAPOK

SECRET

The Ambassador also said that everything possible should be done to support "Espajo" (ISST-3023 KYBAT 1926, 30 August 1962).

3. A project was submitted by the Station on 22 March 1963 (ISMA-20931), but Headquarters on 12 July 1963 (DIR-53801) indicated the project had been disapproved as submitted and that instead the Station funding should support the student activity MERO on a spot assistance basis. This was done with the U. S. business associates of LIRUFF-1's picking up the cost of the "Espajo" magazines, some \$1,200 per month. The Station's assistance since that time has been confined to the payment of LIRUFF-1's salary (\$500 per month) and the payment of \$500 per month to MERO. The Station, however, retains access to the full range of the LIRUFF mechanics and potential.

4. MERO, the militant student organization, is extremely active in the political action field, in the provinces as well as in the capital. The IIR organization has its offices in Mexico City, with associated offices in Salvador and Guatemala and working contacts in the provinces of Mexico and in several capital cities of Latin America.

5. LIRUFF devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or freedom. In Mexico this type of organization is rather unique, as the trend in Mexico is toward more government intervention. The IIR also prepares and sends out to provincial newspapers editorials featuring anti-communist themes. In the last five years the IIR has collected seventy loose-leaf binders filled with editorial clips authored in the IIR office. This organization also sponsors a training course at which interested groups of 15 to 20 persons are indoctrinated.

6. LIRUFF-2, the Director of the IIR, has shown complete dedication to the program. The members of the organization, especially the students, have demonstrated courage and competence in a variety of operations.

#### D. Operational Aspects.

##### 1. Personnel.

1. LIRUFF-1 is a 48-year-old American businessman who acts as a cut-out and operational adviser to LIRUFF-2, the Director of the group. LIRUFF-1 worked for CIA in Panama from April 1947 until April 1949 when he returned to Mexico. He was in contact socially with members of the Mexico Station and in November 1962 was hired for the above work. Training was not required since LIRUFF-1 has been in intelligence work from his service with U. S. military intelligence during WWII. He was engaged to work for U. S. military intelligence in Mexico until late 1962. He knows he is working for CIA. ISMA-11040 of 25 October 1962 granted an OA for LIRUFF-1.

2. LIRUFF-2 is a 47-year-old Mexican lawyer. He is also a well-known economist who directs an economic research organization in Mexico and other Latin American countries. He is met by LIRUFF-1. LIRUFF-2 probably suspects that funds may come to him from the U. S. Government; however, cover used is that the money is from private business groups. He was granted an OA on 26 October 1962.

## 2. Mechanisms.

1. The principal officers of the IIEE group are listed in Appendix 1. During early 1964 MIRO organized a strong and large chapter of its organization at the University of Vera Cruz, Jalapa. This University has some 23,000 students and a sizable communist infiltration in its student ranks. This makes four universities now in which MIRO has chapters: Universidad Nacional Autonoma de Mexico (UNAM), University of Puebla, University of Guadalajara, and the University of Vera Cruz. Three of these, with the exception of Guadalajara, are noted centers of communist activities.

2. a. The IIEE organization frequently and regularly makes press placements in all of Mexico City's leading newspapers. Its editorial features are also regularly accepted by provincial publications. General propaganda and political actions of the organization will be influenced and guided by the Station.

b. The IIEE editorial service for provincial newspapers has been used by the Station.

c. The IIEE's international connections, especially the associated offices in Salvador and Guatemala, will be exploited.

d. The Station will continue to call on the IIEE to fill research needs.

e. Samples of publication and propaganda material are attached.

## B. Security Evaluation.

The IIEE organization is funded through a cut-out in such a manner that CIA participation is concealed. It is not connected in any way with any other CIA operation. There have been no security problems which have come to the attention of the Station in connection with this activity. Both LIRUFF-1 and LIRUFF-2 have been, to the Station's knowledge, quite discreet about their relationship. In view of the nature of the IIEE, there has been no curiosity about the source of funds contributed by the Station.

SECRET KAPOK

F. Coordination.

1. All coordination with other U. S. elements will be handled by the COS Mexico as such situations arise. For the present there are none. The former Ambassador Mr. Thomas Mann asked the COS Mexico to assist the LIRSE group financially. Also, the operational use of LIRSE-1 was cleared with U. S. military intelligence when it was learned that they also had an interest in using him in clandestine operations. They are not using him at the present time.

2. Relationship to Other Projects

a. LICOAX: Both projects LICOAX and MERO are operating at USAN, a University of upwards of 80,000 students. So far there have been no basic problems of conflict since MERO is working the Catholic side of the street while LICOAX works on the so-called "independents," and there is still plenty of room for both to operate. In this connection, it should be noted that a great deal of MERO student effort is devoted to universities outside Mexico City.

b. LISINE: This project is concerned with a mass propaganda approach to Communism in Mexico. It is headed by a group of businessmen known as the Committee of Nine. The only relationship between LIRSE and LISINE is in the fact that four of the members of the Committee of Nine are also members of LIRSE's 26-man "Board of Directors." This does not necessarily mean an interlocking directorate between the two projects since, as in many similar activities in the U. S., individuals interested in civic or outside activities of this nature are frequently tapped to serve in multiple assignments.

c. LILSEP/C: Since LILSEP/C is a National Student Organization stressing student affairs in the interior of Mexico, obviously LIRSE and LILSEP/C are working in the same general field in universities outside Mexico City. However, in these universities in which LIRSE is concentrating its efforts, this can be a complementary relationship since LIRSE can work in much more depth in these universities than can LILSEP/C and can affiliate its groups to the LILSEP/C National Student Confederation which is the only one now generally recognized in Mexico. LILSEP/C, as a National Student Confederation, obviously can only spend very limited time on any single university or situation.

C. 1. Costs.

It is requested that the following estimates be approved for use in the LIRSE project for the period 1 January 1965 through 30 June 1965.

	FY64	FY65
LIRSE-1 Salary	\$ 6,000	62,500
"Espajo"	12,000	-----
MERO Student Organization	8,000	5,000

-4-

SECRET/KAPOK

Station Mexico proposes to pay only a portion of the LIRK operation. It is not intended that this partial support will make the organization a completely controlled station asset. It will make it responsive to station guidance. The organization receives funds from private groups but the Station does not know the amounts of all the donors and it is unlikely that we will ever know these exactly.

2. Foreign Currency.

There are no special requirements for foreign currency.

3. Commitments.

No permanent commitments have been made.

4. Funding and Accountability.

Funds will be paid to LIRKFF-1 by the inside case officer. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

E. Annexes.

1. Administrative Plan or Fiscal Annex.

It is not believed that this annex is required for the LIRKFF Project.

2. Communications.

There are no communications requirements for the present time.

3. Technical Support.

There are no technical support requirements for this project.

4. Logistics.

There are no logistical requirements for this project.

5. Intelligence.

Operational intelligence from other U. S. Agencies is not required. Intelligence production from this developmental project has included nine FI reports during 1964 aside from a good deal of report material which, though not disseminable, is of considerable interest to the Station.

SECRET KAPOK

**I. Emergency Conditions.**

Since the Director of the group is a Mexican national, he could continue living and working in Mexico in the event of emergency anti-U. S. situations; however, he probably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or cease to function in Mexico. However, a change in the Mexican political scene may not affect the group's offices in other Latin American countries. In the event of an emergency situation, contact can be made by the case officer with either LIAFF-1 or LIAFF-2.

K.A.

APPENDIX I

**Principal Officers of the IIR:**

**Director:** Lic. Agustin NAVARRO V.  
Lic. Carlos SANCHEZ MEJONADA  
Enrique URECHOFF  
Hugo CALINAS  
Lic. Gustavo R. VELASCO  
Ing. Jose RIVERA B.  
Lic. Pedro ALPE Sais  
Amibal de ITUSIDE  
Mariano R. SUAREZ  
Ing. Jose de la MACORRA  
Jacobo PEREZ Barroso  
Lic. Arturo MERO Y Urquidí  
Lic. Carlos LOPEZ de Llergo  
Ernesto J. AMEBCCA  
Guillermo GUALAJARO Davis  
Jose A. ESCARDOE  
Lic. Eduardo PUERTO Lopez  
Antonio L. RODRIGUEZ  
Tomas G. COARRA  
Lic. Antonio PEREZ Verdía Jr.  
Adolfo I. RIVERELL  
Federico SANCHEZ Fogarty  
Clemente BERRA Martínez  
Cayetano BLANCO Vigil  
Felix DIAZ Garza  
Enrique AYALA Medina

SECRET/TAPOK

SECRET/KAPOK

A. Identification.

Mexico City, Mexico -- Political Action. See C. below for other countries which may become involved.

B. Objectives.

*Student movement*

To support and sustain a long-established, proved, anti-Communist front organization in Mexico. To encourage the expansion of the group's present efforts in provincial Mexico, and, to some extent, in other countries. To obtain a measure of significant control over the organization through this continued funding. To guide the group in increasingly more efficient methods of fighting Communism and fostering pro-western programs, such as the Alliance for Progress. To accomplish the following objectives in the Related Mission Directive: Priority A. ~~2~~ <sup>3</sup> ~~a, b, c, d, e, f, g~~; Priority B. ~~3~~ a, b, ~~c~~

C. Background.

*The ISE*  
LIHUFF (Identity A) was founded in 1953 under the auspices of a group of Mexican bankers, industrialists, and merchants to spread the principles of free enterprise and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to explore the dangers of Communism (particularly in its economic aspects) and hyper-nationalism; It has also financed the publication of pamphlets, bulletins on economic matters, and books. The director of this group (LIHUFF-2) received support from LIHUFF-1 and the business firm which LIHUFF-1 headed in Mexico until 31 December 1962 when this company decided to give up its franchise in Mexico.

*The Analyst*  
In June 1960 <sup>*J. J. Tuck*</sup> LIHUFF-1 visited the <sup>*Intensy's*</sup> ODACID Political Counselor and requested an ODACID contact with LIHUFF-2's organization. Subsequently, Chief ODACID Mexico, asked the COS, KUBARK Mexico, to explore the possibility of giving financial help to the group headed by LIHUFF-2. In mid-August 1962 (HMMS-2530 RYBAT), Oliver G. GALBOND advised the Mexico Station that the group had been receiving partial financial aid from a group of ~~PEPRIME~~ business corporations (solicited by Mr. Henry Holland, now deceased) and that ~~KUBARK~~ Headquarters had also provided some financial assistance through this channel. After the death of



*an economic system which strongly supports the free enterprise system.*

SECRET/KAPOK

*"Espejo"*

Mr. Holland, it was recommended that the funding be handled through the Mexico Station. Specifically, this was to help pay for the publication (Identity B). The local ODACID Chief was consulted. He replied that he thought LIHUFF-2 was one of the few economists in Mexico fighting Communism. The ODACID Chief also said that everything possible should be done to support the LIHUFF publication (HMMT-3023 RYBAT 1926, 30 August 1962). *4-2*

*115E*  
B3 The LIHUFF organization has its offices in Mexico City, with associated offices in Salvador and Guatemala, and working contacts in the provinces of Mexico and in several capital cities of Latin America.

LIHUFF devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or freedom. In Mexico this type of organization is rather unique, as the trend in Mexico is towards more government intervention.

[ LIHUFF maintains an excellent library of source materials on economics and free enterprise, which is open to interested researchers. LIHUFF publishes regularly a considerable amount of materials, including the monthly publication (Identity B). See Enclosure 5 for samples of LIHUFF publications. ]

[ The group is extremely active in the student field, in the provinces as well as in the capital. It supports student publications; has organized a national student group (Identity C); and engages in militant student political action. ] *MURD*

*Th. H. H.*  
LIHUFF also prepares and sends out to provincial newspapers editorials featuring anti-Communist themes. In the last four years LIHUFF has collected 65 loose-leaf binders filled with editorial clips authored in the LIHUFF office. LIHUFF also sponsors a training course at which interested groups (of 15 to 20 persons) are indoctrinated.

LIHUFF-2, Director of LIHUFF, has shown complete dedication to his program. The members of LIHUFF, especially the students, have demonstrated courage and competence in a variety of operations.

D. Operational Assets.

1. Personnel.

*American*  
LIHUFF-1 is a 47 year old *47-5* PEPRIME businessman who acts as a

SECRET/KAPOK

SECRET/KAPOK

cut-out and operational advisor to LIHUFF-2, the Director of the group. LIHUFF-1 worked for KUBARK in Panama from 1947 until April 1949 when he returned to Mexico. He was in contact socially with members of the Mexico Station and in November 1962 was hired for the above work. Biographical data is being forwarded via separate dispatch. He is contacted by Willard C. CURTIS or Michael C. CHOADEN. Training <sup>was</sup> is not required since LIHUFF-1 has been in intelligence work from his service with PBPRIIME military intelligence during WWII. He was engaged to work for PBPRIIME military intelligence in Mexico until recently. He knows that he is working for KUBARK. HMMW-11040 of 25 October 1962 granted OA for LIHUFF-1.

LIHUFF-2 is a 47 year old Mexican lawyer. He is also a well known economist who directs an economic research organization in Mexico and other Latin American countries. He is met by LIHUFF-1. LIHUFF-2 probably suspects that funds may come to him from ODYER; however, cover used is that the money is from private business groups. He was granted an OA on 26 October 1962 (HMMW-11039 of 9 November 1962).

2. Mechanisms.

a. The principal officers of the <sup>ISE</sup> Identity A group are listed in Appendix I (separate cover enclosure NO. 3). Other details of the organization are included in C. Background above.

b. <sup>ISE</sup> The LIHUFF organization frequently and regularly makes press placements in all of Mexico City's leading newspapers. Its editorial features are also regularly accepted by provincial publications. Radio and television placement is on an irregular basis.

(1) General propaganda and political actions of LIHUFF will be influenced and guided by the Station for its benefits.

(2) LIHUFF student operations have already been utilized (often in coordination with other Station student assets).

(3) The LIHUFF editorial service for provincial newspapers has been used by the Station.

(4) The press-placement capabilities of LIHUFF in capital city newspapers, which is considerable, has been used. This will be taken advantage of by the Station for KUBARK purposes.

3 (5) LIHUFF's international connections, especially his associated offices in Salvador and Guatemala, will be exploited.

SECRET/KAPOK

(6) The Station will call on LIHUFF to fill research needs.

E. Security Evaluation.

The LIHUFF organization is funded through a cut-out in such a manner that KUBARK participation is concealed. It is not connected in any way with any other KUBARK operation.

F. Coordination.

All coordination with other PBPRIME elements will be handled by COS Mexico as such situations arise. For the present there are none. In the past, ODACID Chief Mexico asked COS Mexico to assist the group financially. Also, the operational use of LIHUFF-1 was cleared with PBPRIME military intelligence when it was learned that they also had an interest in using him in clandestine operations. They are not using him at the present time.

G. Costs.

1. It is requested that the following estimates be approved for use in the LIHUFF project for the period 1 May 1963 through 30 April 1964.

	FY 1963	FY 1964	FY 1965	
LIHUFF-1 Salary	\$1,000.	\$ 5,000.	6,000	2,500
Identity publication	2,400.	<del>11,000.</del>		5,000
Identity student organization	1,600.	3,000.		
Total	\$5,000.	\$25,000.		6,500

Station Mexico proposes to pay only a portion of the LIHUFF operation. It is not intended that this partial support will make LIHUFF a completely controlled Station asset. It will make it responsive to Station guidance. The organization receives funds from private groups but the Station does not know the amounts or all the donors and it is unlikely that we will ever know these exactly. The Station, however, will be alert for the future possibility that the LIHUFF may begin to operate solely on Station funds. Should this occur, steps will be taken to place the organization under complete, classic control.

2. Foreign Currency.

There are no special requirements for foreign currency.

SECRET/KAPOK

3. Commitments.

No permanent commitments have been made.

4. Funding and Accountability.

Funds will be paid to LIHUFF-1 by <sup>the case of file a</sup> COS Mexico. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

H. Annexes.

1. Administrative Plan or Fiscal Annex.

It is not believed that this annex is required for the LIHUFF Project.

2. Communications.

There are no communications requirements for the present time.

3. Technical Support.

There are no technical support requirements for this project.

4. Logistics.

There are no logistical requirements for this project.

5. Intelligence.

Operational intelligence from other PBPRIME agencies is not required.

I. Emergency Conditions.

Since the Director of the group is a Mexican national, he could continue living and working in Mexico in the event of emergency anti-ODYOKE ~~CCS~~ situations; however, he probably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or cease to function in Mexico. However, a change in the Mexican political

SECRET/KAPOK

scene may not affect the group's offices in other Latin American countries. In the event of an emergency situation, contact can be made by the C/O COS with either LIHUFF-1 or LIHUFF-2.

NOTE: For a note on the production and some successes of the LIHUFF organization, see Appendix II (separate cover enclosure 4).

-7-

SECRET/KAPOK

SECRET/KAPOK

The files of the Mexico Station have been checked for derogatory information on the names above. There was no derogatory information on anyone of them except [redacted] Efforts will be made via LIHUFF-1 to get him removed from the organization.

-2-

SECRET/KAPOK

SECRET/KAPOK

Enclosure 4 to HMMA-  
20931 (UNDER SEPARATE  
COVER)

APPENDIX II

The Organization and its Director have:

a. Furnished the Mexico City Station with index cards and summary information on some three (3) thousand Mexican Communists. Although almost all of these Communists were already known to this Station, the data confirms Station information and, in some cases, adds to Station knowledge.

*Please under Mechanism*  
b. Organized a nationwide right-wing, anti-Communist and active student organization in the nation's universities. It is called Movimiento Universitaria Renovadora Orientación (MURO) publishes PUNO (Fist), a fighting anti-Communist student paper and has organized shock brigades ready and willing to take offensive (street fighting) action. MURO has been very active in the National University of Mexico (UNAM); the University of Puebla and the University of Michoacan. In the last two MURO can claim a large degree of the credit for ousting Communist rectors at these universities.

c. Kept its publication, ESPEJO, actively attempting to counter overwhelming odds and advantages held by pro-Marxist economists and their teachings in Mexico. Chief ODAGIB believes the Director and the organization are most useful in this regard.

d. Taught groups of students pro-capitalist, pro-free enterprise economics -- a rare and much needed service in Mexico where the Communists have taken over the field of economics in higher education.

*U.S.*  
e. Continuously published pro-PBPRIME, pro-free enterprise and anti-Communist articles in Mexico City's leading newspapers and in the provincial press of Mexico.

f. Attempted to spread to other Latin American countries, and to coordinate with appropriate organizations and individuals in these countries, anti-Marxist economic theories.

*I published the book "Infiltration of Mexican Universities by Communism"*  
g. Some examples of production from this organization are:  
(1) HMMA-20947 of 14 March 1963; (2) HMMA-20306 of 3 December 1962;  
(3) HMMT-3106 of 28 September 1962; (4) HMMA-19296 of 6 July 1962;  
(5) HMMA-18685 of 9 March 1962; (6) HMMA-18678 of 6 March 1962.

SECRET/KAPOK

<b>DISPATCH</b>	CLASSIFICATION	PROCESSING ACTION	
	S E C R E T		MARKED FOR INDEXING
TO	Chief, WHD	XY	NO INDEXING REQUIRED
INFO.			ONLY QUALIFIED DESK CAN JUDGE INDEXING
FROM	Chief of Station, Mexico City <i>W.</i>	XX	MICROFILM
SUBJECT	General - Operational Specific - Present Status of LIHUFF		
ACTION REQUIRED - REFERENCES			
<p>REFERENCES: a. HMMA-23708, dated 17 June 1964          b. HMMA-23855, dated 9 July 1964</p> <p>1. At the time the LIHUFF activity is approved as a formal project, it is the present intention to turn over the operation to either Oliver N. PRIMACK or Stewart R. PATAKER as the case officer. However, for obvious reasons, it is not desired to make the introduction of one of these individuals to LIHUFF/1 until such time as an assurance of continuity with Headquarters' approval of the activity as a formal project has been received.</p> <p>2. In view of the time which has elapsed since the exchanges indicated in referenced dispatches have taken place, the Station would appreciate an indication from Headquarters whether or not LIHUFF is being processed as a project. If it is not or approval has been denied for one reason or another, the Station would also appreciate knowing this so whatever action has to be undertaken can be initiated.</p> <p style="text-align: right;"><i>Stewart R. Pataker</i> for Willard C. CURTIS</p> <p><u>Distribution:</u> 3 - WHD 2 - Files</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 10px auto;"> <small>GROUP 1 Excluded from automatic downgrading and declassification</small> </div> <p style="text-align: center; font-weight: bold; font-size: 1.2em;">CS COPY</p> <p style="text-align: right; font-size: 1.2em;">50-124-28/1</p>			
CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER	DATE	
	HMMA-24682	3 Nov 64	
	CLASSIFICATION	HQS FILE NUMBER	
	S E C R E T	50-124-28/1	



8 April 1963

MEMORANDUM FOR THE RECORD

SUBJECT: Comments on Proposed Project LIHUFF

1. I recommend this project proposal not be submitted for approval, for the following reasons:

*We would limit the 2370200*  
a. The LIHUFF organization has other sources of funds and would conduct its activities anyway without any support or aid from CIA or any other U. S. Government agency. A project to fund the organization is unnecessary.

*But no control*  
b. The Station indicates that it has achieved, and can continue to achieve, results through the LIHUFF mechanism without making sizeable payments. A project to provide a subsidy is therefore unnecessary.

*We propose terminate Lisiren*  
c. <sup>Four</sup> Several members of the LIHUFF organization are also members of the LISIREN organization. One of them, Eduardo PRIETO Lopez, recently discussed the LISIREN operation with the DCI in the latter's Headquarters office and is aware of U. S. Government funding to the LISIREN complex. This fact, taken with the similarity of the proposed funding mechanism to that of LISIREN, the similarity of operations of the two organizations, and other such parallels could eventually be expected to strip LIHUFF of its cover and create a potential security problem.

d. The activities that this proposed project would subsidize overlap the activities of several other operations in the Station. LIHUFF does not contribute enough beyond this overlapping to be justified. Its student program coincides with Projects LIEVICT, LILISP-C and, to a lesser extent, LICOAX. Its press placement and publications program duplicates much of that contemplated or conducted in ~~LISIREN, LIXOCULE,~~ and LILISP-E. (*only in a small way*).

e. The past accomplishments of the operation cited in the project outline, Appendix II, are minimal at best and hardly sufficient to recommend the project. Briefly, these accomplishments were:

(1) HMMA-20905: LIHUFF obtained a copy of a book now out of print written by Victor Manuel VILLENOR, whose views were of interest to the Ambassador at the time.

(2) HMMA-20306: At the Station's request, LIHUFF "suggested" preparation of a reply to a booklet written by a Communist Party leader.

(3) HMMA-19296: LIHUFF/1 returned from a trip to Venezuela with a copy of a plan for communist operations there.

(4) HMMA-18685: LIHUFF has ties with CRES in Guatemala.

(5) HMMA-18678: LIHUFF published and distributed a commentary on a Marxist book about Cuba.

(6) HMMA-3106: LIHUFF gave the Station a list of Communists, Socialists, and Marxists. (The project outline points out that the Station already knew most of them.)

2. I further recommend that the Station be asked to confine its activities in this operation to those of only momentary importance that can obtain results with little or no expense. *Signed To Student by name*

Gabe Love

SECRET/KAPOK

PROJECT OUTLINE

CRYPTONYM LIHUFF FIELD CASE OFFICER Willard C. CURTIS  
STATION MEXICO CITY CHIEF OF STATION Willard C. CURTIS

The attached project is presented for approval.

SECRET/KAPOK

SECRET/KAPOK

A. Identification.

Mexico City, Mexico -- Political Action. See C. below for other countries which may become involved.

B. Objectives.

To support and sustain a long-established, proved, anti-Communist front organization in Mexico. To encourage the expansion of the group's present efforts in provincial Mexico, and, to some extent, in other countries. To obtain a measure of significant control over the organization through this continued funding. To guide the group in increasingly more efficient methods of fighting Communism and festering pro-western programs, such as the Alliance for Progress. To accomplish the following objectives in the Related Mission Directive: Priority A. 2. a, c, d, e, f, g; Priority B. 1. a, b, d.

C. Background.

LIHUFF (Identity A) was founded in 1951 under the auspices of a group of Mexican bankers, industrialists, and merchants to spread the principles of free enterprise and private initiative. Since its founding, the group has arranged a number of meetings and congresses designed to explore the dangers of Communism (particularly in its economic aspects) and hyper-nationalism. It has also financed the publication of pamphlets, bulletins on economic matters, and books. The director of this group (LIHUFF-2) received support from LIHUFF-1 and the business firm which LIHUFF-1 headed in Mexico until 31 December 1962 when this company decided to give up its franchise in Mexico.

In June 1960 LIHUFF-1 visited the ODACID Political Counselor and requested an ODACID contact with LIHUFF-2's organization. Subsequently, Chief ODACID Mexico asked the COS, KUBARK Mexico, to explore the possibility of giving financial help to the group headed by LIHUFF-2. In mid-August 1962 (HMMS-2530 HYBAT), Oliver G. GALBOND advised the Mexico Station that the group had been receiving partial financial aid from a group of PSPRIME business corporations (solicited by Mr. Henry Holland, now deceased) and that KUBARK Headquarters had also provided some financial assistance through this channel. After the death of

SECRET/KAPOK

Mr. Mellaad, it was recommended that the funding be handled through the Mexico Station. Specifically, this was to help pay for the publication (Identity B). The local ODACID Chief was consulted. He replied that he thought LIHUFF-2 was one of the few economists in Mexico fighting Communism. The ODACID Chief also said that everything possible should be done to support the LIHUFF publication (HMMT-3023 RYBAT 1926, 10 August 1962).

The LIHUFF organization has its offices in Mexico City, with associated offices in Salvador and Guatemala, and working contacts in the provinces of Mexico and in several capital cities of Latin America.

LIHUFF devotes its efforts to selling the free enterprise system as an economic way of life and in defending at every turn individual liberty or freedom. In Mexico this type of organization is rather unique, as the trend in Mexico is towards more government intervention.

LIHUFF maintains an excellent library of source materials on economic and free enterprise, which is open to interested researchers. LIHUFF publishes regularly a considerable amount of materials, including the monthly publication (identity B). See Enclosure 5 for samples of LIHUFF publications.

The group is extremely active in the student field, in the provinces as well as in the capital. It supports student publications; has organized a national student group (Identity C); and engages in militant student political action.

LIHUFF also prepares and sends out to provincial newspapers editorials featuring anti-Communist themes. In the last four years LIHUFF has collected 65 loose-leaf binders filled with editorial clips authored in the LIHUFF office. LIHUFF also sponsors a training course at which interested groups (of 15 to 20 persons) are indoctrinated.

LIHUFF-2, Director of LIHUFF, has shown completed dedication to his program. The members of LIHUFF, especially the students, have demonstrated courage and competence in a variety of operations.

D. Operational Assets.

1. Personnel.

LIHUFF-1 is a 47 year old PEPRIME businessman who acts as a

SECRET/KAPOK

cut-out and operational adviser to LIHUFF-2, the Director of the group. LIHUFF-1 worked for KUBARK in Panama from 1947 until April 1949 when he returned to Mexico. He was in contact socially with members of the Mexico Station and in November 1962 was hired for the above work. Biographical data is being forwarded via separate dispatch. He is contacted by Willard C. CURTIS or Michael C. CHODEN. Training is not required since LIHUFF-1 has been in intelligence work from his service with PBPRIE military intelligence during WWII. He was engaged to work for PBPRIE military intelligence in Mexico until recently. He knows that he is working for KUBARK. HMMW-11040 of 25 October 1962 granted OA for LIHUFF-1.

LIHUFF-2 is a 46 year old Mexican lawyer. He is also a well known economist who directs an economic research organization in Mexico and other Latin American countries. He is met by LIHUFF-1. LIHUFF-2 probably suspects that funds may come to him from ODYOKE; however, cover need is that the money is from private business groups. He was granted an OA on 26 October 1962 (HMMW-11089 of 9 November 1962).

2. Mechanisms.

a. The principal officers of the Identity A group are listed in Appendix I (separate cover enclosure No. 3). Other details of the organization are included in C. Background above.

b. The LIHUFF organization frequently and regularly makes press placements in all of Mexico City's leading newspapers. Its editorial features are also regularly accepted by provincial publications. Radio and television placement is on an irregular basis.

(1) General propaganda and political actions of LIHUFF will be influenced and guided by the Station for its benefit.

(2) LIHUFF student operations have already been utilized (often in coordination with other Station student assets).

(3) The LIHUFF editorial service for provincial newspapers has been used by the Station.

(4) The press-placement capabilities of LIHUFF in capital city newspapers, which is considerable, has been used. This will be taken advantage of by the Station for KUBARK purposes.

(5) LIHUFF's international connections, especially his associated offices in Salvador and Guatemala, will be exploited.

SECRET/KAPOK

(6) The Station will call on LIHUFF to fill research needs.

E. Security Evaluation.

The LIHUFF organization is funded through a cut-out in such a manner that KUBARK participation is concealed. It is not connected in any way with any other KUBARK operation.

F. Coordination.

All coordination with other PBPRIME elements will be handled by COS Mexico as such situations arise. For the present there are none. In the past, ODACID Chief Mexico asked COS Mexico to assist the group financially. Also, the operational use of LIHUFF-1 was cleared with PBPRIME military intelligence when it was learned that they also had an interest in using him in clandestine operations. They are not using him at the present time.

G. Costs.

1. It is requested that the following estimates be approved for use in the LIHUFF project for the period 1 May 1963 through 30 April 1964:

	<u>FY 1963</u>	<u>FY 1964</u>
LIHUFF-1 Salary	\$ 1,000.	\$ 5,000.
Identity publication	2,400.	12,000.
Identity student organization	1,600.	8,000.
Total	<u>\$5,000.</u>	<u>\$25,000.</u>

Station Mexico proposes to pay only a portion of the LIHUFF operation. It is not intended that this partial support will make LIHUFF a completely controlled Station asset. It will make it responsive to Station guidance. The organization receives funds from private groups but the Station does not know the amounts or all the donors and it is unlikely that we will know these exactly. The Station, however, will be alert for the future possibility that the LIHUFF may begin to operate solely on Station funds. Should this occur, steps will be taken to place the organization under complete, classic control.

2. Foreign Currency.

There are no special requirements for foreign currency.

SECRET/KAPOK

3. Commitments.

No permanent commitments have been made.

4. Funding and Accountability.

Funds will be paid to LIHUFF-1 by COS Mexico. Receipts will be obtained. The money will be paid in cash in local currency. There are no unusual funding and accountability requirements.

H. Annexes.

1. Administrative Plan or Fiscal Annex.

It is not believed that this annex is required for the LIHUFF Project.

2. Communications.

There are no communications requirements for the present time.

3. Technical Support.

There are no technical support requirements for this project.

4. Logistics.

There are no logistical requirements for this project.

5. Intelligence.

Operational intelligence from other PBPRIME agencies is not required.

1. Emergency Conditions.

Since the Director of the group is a Mexican national, he could continue living and working in Mexico in the event of emergency anti-ODYOKE situations; however, he probably would not outright attack his own government. It is likely that the group locally might lose its effectiveness or cease to function in Mexico. However, a change in the Mexican political



SECRET/KAPOK

access may not affect the group's offices in other Latin American countries. In the event of an emergency situation, contact can be made by the COS with either LIHUFF-1 or LIHUFF-2.

NOTE: For a note on the production and some successes of the LIHUFF organization, see Appendix II (separate cover enclosure 4).

SECRET/KAPOK

Enclosure 3 to HMMA-  
20911 (UNDER SEPARATE  
COVER)

APPENDIX I

**Identities:**

- A. Institute de Investigaciones Sociales y Economicas, A. C.
- B. ESPEJO, an economics journal which strongly supports the free enterprise system.
- C. M.U.R.O.
- D. Principal Officers of 1 above:

Director: Lic. Agustin HAVARRO V.  
Lic. Carlos SANCHEZ MEJORADA  
Enrique UNTHOFF  
Hugo SALINAS  
Lic. Gustavo R. VELASCO  
Ing. Jose RIVERA R.  
Lic. Pedro ASPE Sais  
Anibal de ITURBIDE  
Mariano R. SUAREZ  
Ing. Jose de la MACORRA  
Jacobo PEREZ Barroca  
Lic. Arturo BUENO Y Urquidi  
Lic. Carlos LOPEZ de Liege  
Ernesto J. AMESCUA  
Guillermo GUAJARDO Davis  
Jose A. ESCANDON  
Lic. Eduardo PRIETO Lopez  
Antonio L. RODRIGUEZ  
Tomas G. COARASA  
Lic. Antonio PEREZ Verdía Jr.  
Adolfo I. RIVEROLL  
Federico SANCHEZ Fogarty  
Clemente BERRA Martinez  
Cayetano BLANCO Vigil  
Feliz DIAZ Garsa  
Enrique AYALA Medina

SECRET/KAPOK

SECRET/KAPOK

The files of the Mexico Station have been checked for derogatory information on the names above. There was no derogatory information on anyone of them except [redacted]. Efforts will be made via LINUFF-1 to get him removed from the organization.

-2-

SECRET/KAPOK

SECRET/KAPOK

Enclosure 4 to HMMA-  
209M (UNDER SEPARATE  
COVER)

APPENDIX II

The Organization and its Director have.

a. Furnished the Mexico City Station with index cards and summary information on some three (3) thousand Mexican Communists. Although almost all of these Communists were already known to this Station, the data confirms Station information and, in some cases, adds to Station knowledge.

b. Organized a nationwide right-wing, anti-Communist and active student organization in the nation's universities. It is called Movimiento Universitaria Renovadora Orientación (MURO) publishes PUNO (Fist), a fighting anti-Communist student paper and has organized shock brigades ready and willing to take offensive (street fighting) action. MURO has been very active in the National University of Mexico (UNAM); the University of Puebla and the University of Michoacan. In the last two MURO can claim a large degree of the credit for casting Communist rectors at these universities.

c. Kept its publication, ESPEJO, actively attempting to counter overwhelming odds and advantages held by pro-Marxist economists and their teachings in Mexico. Chief ODACID believes the Director and the organization are most useful in this regard.

d. Taught groups of students pro-capitalist, pro-free enterprise economics -- a rare and much needed service in Mexico where the Communists have taken over the field of economics in higher education.

e. Continuously published pro-PBPRIME, pro-free enterprise and anti-Communist articles in Mexico City's leading newspapers and in the provincial press of Mexico.

f. Attempted to spread to other Latin American countries, and to coordinate with appropriate organizations and individuals in these countries, anti-Marxist economic theories.

g. Some examples of production from this organization are:  
(1) HMMA-20947 of 14 March 1962; (2) HMMA-20306 of 3 December 1962;  
(3) HMMA-3105 of 28 September 1962; (4) HMMA-19296 of 6 July 1962;  
(5) HMMA-18685 of 9 March 1962; (6) HMMA-18678 of 6 March 1962.

SECRET/KAPOK

INDEX:  YES  NO  
 CLASSIFY TO FILE NO. 52-124-0015 H  
 X-REF TO FILE NO. \_\_\_\_\_  
 FILE NO.  RET TO BRANCH   
 DESTROY  SIG Hullin

CLASSIFIED MESSAGE  
 37/2 SECRET

ROUTING	
1	4
2	5
3	6

TO : DIRECTOR  
 FROM : MEXICO CITY  
 ACTION: WH-8  
 INFO : VR

R  
 I SECRET 172326Z  
 C  
 O DIR CITE MEXI 99220  
 P REF HMMW 12639  
 Y

HMMW 23788 DATED 17 JUNE REPLIES.

SECRET

18 JUN 64 IN 08941

R  
I  
C  
O  
P  
Y

R  
I  
C  
O  
P  
Y

R  
I  
C  
O  
P  
Y

R  
I  
C  
O  
P  
Y

ROUTING	INITIAL
RID/AN	<i>[Handwritten]</i>
RID/ME	<i>[Handwritten]</i>
<del>RID/ME</del>	
RID/ME	
WH/1	
DESTROY	

705 10 10 14 81

705 10 10 14 81

52-124-28/1

FORM 1-64 1389

CLASSIFY  
 SYMBOLS  
 EDITIONS

RI COPY

SECRET

RI COPY

GROUP 1  
 Excluded from automatic  
 downgrading and  
 declassification

(135)

COPY NO.

<b>DISPATCH</b>	CLASSIFICATION <b>S E C R E T</b>	PROCESSING ACTION	
			MARKED FOR INDEXING
TO <b>Chief of Station, Mexico City</b>		<b>X</b>	NO INDEXING REQUIRED
INFO.			ONLY QUALIFIED DESK CAN JUDGE INDEXING
FROM <b>Chief, WH Division</b>			MICROFILM
SUBJECT <b>OKUWOLF/Operational; LIHUFF Project Assessment</b>			

**ACTION REQUIRED - REFERENCES**

**ACTION REQUIRED:** Submit info requested

**REF:** HMMW-12379, 2 March 1964

Headquarters has not yet received the Station's assessment of the LIHUFF operation which in accordance with the reference was expected here not later than 1 June 1964. Please advise when it may be expected and if there has been any progress on the printing of the book in Buenos Aires.

**Chester D. DAINOLD**

**Distribution:**  
O&I - COS, Mexico City

*50-104-2871*

CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER <b>HMMW-12635 CS</b>	DATE <b>1 June 1964</b>
	CLASSIFICATION <b>S E C R E T</b>	HQS FILE NUMBER <b>50-124-28/1</b>

ROUTING	Distribution:
RID/AN	1-RI 1-Chrono <i>W</i>
RID/MIS	<i>W</i>
<del>RID/TS</del>	
<del>RID/ST</del>	

ORIGINATING		
OFFICE <b>WH/3/Mexico</b>	OFFICER <i>Callwell:chk</i>	EXT. <b>5940</b>
COORDINATING		
OFFICE SYMBOL	DATE	OFFICER'S NAME

**DISPATCH**

CLASSIFICATION  
**SECRET**

PROCESSING ACTION

MARKED FOR INDEXING

NO INDEXING REQUIRED

ONLY QUALIFIED DESK  
CAN JUDGE INDEXING

MICROFILM

Chief of Station, Mexico City

Chief, WH Division

LILISP Project

NOTED REFERENCES

REF: OIC 88033

OIF 88160

1. The level and the scope of authorized charges to LILISP-X for LILISP activities for the balance of FY64 were provided to you in Ref B. The Station should adhere rigidly to the limitations on LILISP's water, and the support for student activities. Should you wish to support other specific projects under LILISP activity such as the book to be published in Buenos Aires, your recommendations in this respect will be considered by Headquarters on a case to case basis.

2. As also indicated in Ref B, Headquarters has allocated an additional \$20,000 to Project LILISP-X for FY64 bringing the total to \$82000. This additional allotment will have to be documented and the Station is asked to submit its comments which can be used in support of it.

3. The Station is also requested to submit to Headquarters, not later than 1 June 1964, an updated assessment of the LILISP operation. If at that time the Station wishes to present a revised project for fiscal year 1965, your recommendations should be submitted with the reassessment. If your recommendations are accepted, Headquarters will then undertake to reinitiate the project outline forwarded with HEMA-20031 and submit the Project for approval.

Oliver G. GALBOND

Distribution:  
C&J-COS, Mexico City

REFERENCE TO	DISPATCH SYMBOL AND NUMBER	DATE
	HEMW-12379	2 March 1964
	CLASSIFICATION	INS FILE NUMBER
	<b>SECRET</b>	50-124-28/1-2
Distribution: 1-R1 1-Chrono	ORIGINATING	
	OFFICE	OFFICER
	WH 3/Mexico/B. Reichhardt:chk	EST. 5940
	COORDINATING	
	OFFICE SYMBOL	DATE
	OFFICER'S NAME	
	RELEASING	
OFFICE SYMBOL	DATE	OFFICER'S SIGNATURE
C/WHD		J.C. King

Classification / Mexico

CLASSIFIED MESSAGE

SECRET

FEB 64

1	4
2	5
3	6

MEXICO CITY

DIRECTOR

WH 8

PG 2, VR

50-126-25/1

4 FEB 64 20 48z

SECRET

ROUTINE

MEXI

INFO

CITE DIR

99160

- KEYS: A. DIR 86033 \*\*\*  
 B. MEXI 7526 \*  
 C. BUEN 6939 \*\*

- LILISP-X BEING AMENDED FOR ADDITIONAL \$30,000 FOR FY64.
- STATION AUTHORIZATION FOR CHARGES TO LILISP-X FOR LIHUFF

ACTIVITIES FOR BALANCE FY64 LIMITED TO FOLLOWING:

- A. LIHUFF SALARY \$500 PER MONTH 250
- B. SUPPORT FOR SELECTED STUDENT ACTIVITIES \$500 PER MONTH 500
- C. PUBLICATION OF BOOK PER KEYS B & C \$6000

3. DISPATCH FOLLOWS ON FUTURE PROJECT LIHUFF WHICH NOT SUBMITTED FOR APPROVAL.

END OF MESSAGE

C/S COMMENT: #IN 87763

\*\*IN 00923

--HQS REMAINED STA LIHUFF IS NOT APPROVED PROJECT.

*W.C. King*  
C/WH

WH/BF R. Carter  
(Phone)

*John M. Whitten*  
M. WHITTEN  
C/WH/S

RELEASING OFFICER

COORDINATING OFFICERS

SECRET

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

AUTHENTICATING OFFICER

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED.

Copy No.

87763

00923



DISPATCH	CLASSIFICATION SECRET	PROCESSING ACTION	
TO COS, Mexico City			NO INDEXING REQUIRED
INFO.			ONLY QUALIFIED DESK CAN JUDGE INDEXING
FROM Chief, WH Division			MICROFILM
SUBJECT KUWOLF/LIHUFF - Operational			
ACTION REQUIRED - REFERENCES			
<p>REFS: A. HMMW 11780 B. HMMA 22250</p> <p>1. With the discontinuance of the subsidy for the publication of the LIHUFF magazine as reported in Paragraph 3 of Reference B, Headquarter's major objection to this project has been satisfied. However, we feel compelled to point out to the Station that despite a clear disapproval of this subsidy in Reference A, the Station continued payment of it for an additional five months. In the absence of any interim reporting or other attempt to justify this continued expenditure, the Station Chief exceeded his fiscal authority. Although Headquarters is prepared to make a concession to the Station with regard to other aspects of the project as stated later in this dispatch, we must advise you that the prolongation of the LIHUFF-1 magazine subsidy for five months is viewed here with great seriousness. It is requested that Willard C. Curtis prepare a dispatch explaining the Station's action in this matter.</p> <p>2. With regard to other facets of the project, we are willing to continue for a time even though we are not fully convinced that the level of LIHUFF-1's compensation or the student activities supported are justifiable. To avoid an arbitrary termination of the entire operation at this time, you are authorized to proceed for the balance of Fiscal Year 1964 on the following basis:</p> <p>A. To continue LIHUFF-1's compensation at \$500 per month.</p> <p>B. To support selected student activities through the LIHUFF complex at a rate not to exceed \$500 a month.</p> <p>C. To meet the cost of publication of the book per HMMA 21976 which we estimate should not exceed a total cost of \$6000.</p> <p style="text-align: right;">(continued)</p> <p>Distribution: 0 &amp; 1 - COS, Mexico City</p>			
CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER	DATE	
	HMMW 12311	28 January 1964	
	CLASSIFICATION	HQ'S FILE NUMBER	
	SECRET	50-124-28	

CONTINUATION OF DISPATCH	CLASSIFICATION	DISPATCH SYMBOL AND NUMBER
<p data-bbox="322 308 1354 393">Should you wish to support other specific projects through LIHUFF such as the publication of the book, these will be considered by Headquarters on a case to case basis.</p> <p data-bbox="322 414 1412 574">3. The above authorized expenditures are to be charged to D&amp;TO and under no circumstances are they to exceed the amounts specified. In this connection, you are advised that Headquarters has allocated an additional \$30,000 to the Station's D&amp;TO funds for the fiscal year 1964 bringing the total for FY64 to \$82,500. It is not likely that any further increase can be obtained.</p> <p data-bbox="322 595 1412 787">4. The Station is also requested to submit to Headquarters, not later than 1 June 1964, an up-dated assessment of the LIHUFF operation. If at that time the Station wishes to present a revised project for fiscal year 1965, your recommendations should be fully submitted in the reassessment. If your recommendations are accepted, then Headquarters will undertake to rewrite the project outline forwarded with HMMA 20931 and submit the project for approval.</p> <p data-bbox="900 883 1181 915" style="text-align: center;">OLIVER G. GALBOND</p>		
FORM 53a 5 60 (40) USE PREVIOUS EDITION.	CLASSIFICATION S E C R E T	