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IN 358699

TOR121806Z SEP 74

SAGO J0293

SECRET 121711Z SEP 74 STAFF

CITE SANTIAGO J0293

TO: DIRECTOR,

RYBAT

REFS: A. DIRECTOR 595482

B. SANTIAGO J0293 (IN 354910)

SEARCHED	INDEXED
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SEP 11 1974	SEP 11 1974
FBI - SANTIAGO	

1. FOLLOWING STATION AGENTS WERE CONTACTED, PERIOD 8-10 SEPTEMBER, IN CONNECTION WITH REFERENCE REVELATIONS. THEIR COMMENTS AND REACTIONS FOLLOW.

2. FUERMINE-1 CONCERNED BUT RELIEVED THAT NO NAMES WERE MENTIONED. COMMENTED THAT TIMING WAS EXCEPTIONALLY BAD SINCE IT COINCIDED EXACTLY WITH EDUARDO FREI'S ARRIVAL IN THE U.S. AND HE WONDERED WHETHER THIS HAD BEEN DELIBERATE. FUERMINE-1 ASKED WHETHER WE BELIEVED THERE WOULD BE FURTHER INVESTIGATION OR MEDIA PLAY IN THE U.S. REPLIED THAT WE DID NOT KNOW BUT WOULD KEEP HIM INFORMED. HE IS TRAVELING TO GERMANY ON 22 SEPTEMBER AT INVITATION OF INTERNATIONAL COOPERATION INSTITUTE (WEST GERMAN CHRISTIAN DEMOCRATS). DURING HIS TRIP HE WILL

IN VIEW OF REF DEVELOPMENTS, HE

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DOES NOT PLAN TO [REDACTED] HE
 RETURNING CHILE VIA NEW YORK AND CHICAGO AND PLANS TO MEET
 WITH FREI 15 OCTOBER IN NEW YORK. FUERMINE-1 EXPRESSED THE
 OPINION THAT THE JUNTA WILL NEITHER RAISE THE MATTER WITH
 EMBASSY NOR PURSUE FURTHER SINCE IT IS NOT IN THEIR
 INTEREST TO DO SO.

2. FUBRIG-2 RECEIVED NEWS CALMLY BUT WAS MOST CONCERNED
 ABOUT IMPLICATIONS OF EFFECTS OF THE REVELATIONS AND EXPRESSED
 OPINION THAT SYSTEM IN WASHINGTON SHOULD BE CHANGED
 TO ^{PREV} PREVENT SUCH LEAKS. HE WAS RELIEVED THAT EL MURCURIO WAS NOT
 MENTIONED BY NAME (BUT WE ARE SKEPTICAL THAT IT WILL NOT BE
 EASILY IDENTIFIED IN ANY SUBSEQUENT COMMENTARY). FUBRIG-1
 THOUGHT IT QUITE POSSIBLE JUNTA MAY WONDER IF USG STILL NOT IN
 SOME WAY SUPPORTING PDC, WHICH OF COURSE JUNTA WOULD FIND
 MOST UNACCEPTABLE.

4. FUERMINE-5 ALSO TOOK THE NEWS CALMLY ABOUT REVELATION
 OF \$9,000 ITEM FOR TRAVEL OF PDC LEADERS. WHILE SHAKING HIS
 HEAD ABOUT THE LEAKING OF SUCH MATTERS, HE BELIEVES THAT THE
 REVELATION, UNLESS IT IS MADE MUCH MORE SPECIFIC BY SUBSEQUENT
 INVESTIGATIONS AND PUBLICITY, WILL NOT CAUSE HIM A PROBLEM.

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CONSIDERS THE FAILURE TO IDENTIFY THE DELEGATION AS BEING PDC AND (INCORRECTLY) AS MAKING A TOUR OF LATIN AMERICAN RATHER THAN EUROPEAN CAPITALS WILL LEAD AWAY FROM PROPER IDENTIFICATION, SINCE THE FUNDS THAT PASSED THROUGH HIS HANDS WERE APPROXIMATELY \$4,000 AT THE THEN LOCAL FREE MARKET RATE (AS OPPOSED TO STATION SPENDING RATE), HE FEELS THAT THIS WILL ALSO HELP HIDE PROPER IDENTIFICATION EVEN WITHIN THE PDC OF THIS FUNDING.

5. FUPOCKET-1 WAS INFORMED OF DISCLOSURE OF \$25,000 FOR PURCHASE OF RADIO STATION ON 8 SEPTEMBER, WAS VISIBLY DISTURBED UPON HEARING NEWS AND COMMENTED "YOU PEOPLE NEED TO CHANGE YOUR SYSTEM SO THAT SUCH NEWS DOES NOT GET OUT." STATED THAT NO ONE WITHIN HIS GROUP KNEW THAT HE GAVE MONEY ON THE SIDE TO PURCHASE THIS RADIO STATION AND THAT NO RECORDS WERE MADE OF HIS PART IN THE DEAL. HE REMARKED THAT THE FORMER OWNER OF THE STATION IS A SOCIALIST AND UNLIKELY TO DISCUSS THE TERMS OF THE SALE SINCE ILLEGAL MONEY TRANSACTION INVOLVED. FUPOCKET-1 PROMISED TO KEEP US ADVISED OF ANY BLOW-BACK.

6. ON 10 SEPTEMBER? FUBARGAIN-1 SAID THAT GENERAL PINOCHET

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DID NOT SEEM VERY UPSET BUT COMMENTED IN FUBARGAIN-1'S PRESENCE THAT THE DISCLOSURE "SEEMED TO BE A DU^MEY THING TO DO." FOR THE FIRST TIME IN OUR RELATIONSHIP WITH FUBAEGAIN-2, HE SHOWED HIS UNHAPPINESS AT WHAT HE FEELS IS GROWING EVIDENCE OF USG INCOMPREHENSION OF GOC. SAID HE AND OTHER SENIOR OFFICERS WHO HAVE TRAVELED TO STATES AND ARE MORE FAMILIAR WITH THE WAY USG FINCTIONS COULD PARTIALLY UNDERSTAND CURRENT U.S.G. ATTITUDES AND ACTIONS. SAID MOST JUNIOR OFFICERS, HOWEVER, ARE INCREASINGLY UPSET AND CONCERNED ABOUT WHAT THEY FEEL IS U.S. FAILURE TO BE A "GOOD FRIEND" OF CHILE DESPITE THE IMPORTANT SACRIFICES THAT HAVE BEEN MADE HERE IN THE WORLD ANTI-COMMUNIST STRUGGLE.

7. ACCORDING TO FUBARGAIN-1, MOST CHILEAN OFFICERS VIEW THE REVELATIONS AND THEIR TIMING AS A DELIBERATE ATTEMPT BY A SECTOR OF U.S.G. (ALBEIT THE LEGISLATIVE BRANCH) TO DELIBERATELY DAMAGE JUNTA AND FALSELY CAST DOUBT ON THEIR INDEPENDENCE AND ROLE IN BRINGING DOWN ALLENDE. OFFICERS HAVE ADDED THIS LATEST BLOW TO WHAT THEY CONSIDER TO BE U.S. FOOT-DRAGGING ON SUPPLYING CHILE ARMS URGENTLY NEEDED FOR DEFENSE

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AGAINST PERU AND U.S, FAILURE NOT ONLY TO ASSIST, BUT ACTUALLY TO CONTRIBUTE TOWARDS, PROBLEMS OF CHILEAN IMAGE ABROAD. SUM IS THAT CHILEAN OFFICER CORPS BECCHING INCREASINGLY BAFFELED AND RESENTFUL ABOUT U.S. ACCORDING TO THIS SOURCE.

8. FILE: DEFER. E2 IMPDET