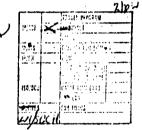


S E C R E T 1217112 SEP 74 STAFF CITE SANTIAGO 30293 TO: DIRECTOR.

RYBAT

REFS: A. DIRECTOR 595482

8. SANTIAGO 30253 (- ~ 354910)



- 1. FOLLOWING STATION AGENTS HERE CONTACTED. PERIOD 8-18 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 ARPIVAL IN THE U.S. AND HE HONDERED 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 DEMOGRATS).

DURING HIS TRIP HE HILL

IN VIEW OF REF DEVELOPMENTS, HE

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INTEREST TO DO SO.

SAG0 38293

DOES NOT PLAN TO

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

- 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 FRED TO BENT SUCH LEAKS. HE WAS RELIEVED THAT EL HURCURIO HAS NOT MENTIONED BY NAME (BUT HE ARE SKEPTICAL THAT IT WILL NOT BE EASILY IDENTIFIED IN ANY SUBSEQUENT COMMENTARY). FUBRIG-1 THOUGHT IT QUITE POSSIBLE JUNTA HAY HONDER IF USG STILL NOT IN SOME HAY SUPPORTING PDC. WHICH OF COURSE JUNTA HOULD FIND MOST UNACCEPTABLE.
- 4. FUERMINE-5 ALSO TOOK THE NEWS CALMLY ABOUT REVELATION OF \$9,800 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 HORE 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 MANDS 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.

- 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 FUBARGA: 0-1'S

PRESENCE THAT THE DISCLOSURE "SEEMED TO BE A DUST THING TO

DO." FOR THE FIRST TIME IN OUR RELATIONSHIP WITH FUBARGAIN-1.

HE SHOWED HIS UNHAPPINESS AT WHAT HE FEELS IS GREEING 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 ATTEMET 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