

<h1>DISPATCH</h1>	CLASSIFICATION S E C R E T	PROCESSING ACTION	
			MARKED FOR INDEXING
TO Chief, WH Division		XX	NO INDEXING REQUIRED
INFO.			ONLY QUALIFIED DESK CAN JUDGE INDEXING
FROM Chief of Station, Mexico City			MICROFILM
SUBJECT Project LIEMPTY Progress Report/February, March and April 1964			
ACTION REQUIRED - REFERENCES Action Required: For your information Reference : A. HMMA-22944, 20 February 1964 B. HMMA-14793 1. <u>BACKGROUND.</u> The LIEMPTY Project is designed to collect operational information on the LIMERICK installation and personnel, as well as targets of opportunity, through stationary and mobile photographic coverage. In addition, the project provides the means for investigating leads from the above noted coverages as well as other Station sources. LIEMPTY supports other Station operations through the renting of safehouses, providing and servicing post office box letter drops, conducting counter-surveillances and investigations and performing related tasks. 2. <u>OPERATIONS - REVIEW.</u> The Station feels that it would be helpful to summarize at this time information previously reported to Headquarters (see paragraph 3, reference B) concerning the photo basehouses under this project and thereby give Headquarters an updated frame of reference in which to view the roles of the various basehouses. The LIMITED and LILYRIC basehouses provide coverage of front of the LIMERICK installation. Although on the surface it may appear that these two basehouses provide duplicate take, this is not the case. It has been the Station's experience in running the unilateral LIEMPTY operation that a 0900 to evening workday, which would be required of a single basehouse in order to cover the LIMERICK target effectively, is just too long for any pair of agents to remain effective. This is especially true when it is considered that these basehouse operators are essentially unsupervised during their workday. It would also be impossible for a single basehouse to provide the kind of coverage the Station needs on the target installation, especially during the peak hours of activity, namely late morning and early afternoon. <p style="text-align: right;">(continued...)</p>			
Distribution: 3 C/WHD			
CROSS REFERENCE TO	DISPATCH SYMBOL AND NUMBER HMMA-23343	DATE 30 April 1964	
	CLASSIFICATION S E C R E T	HQS FILE NUMBER 50-6-74/3	

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<p>For these reasons, the LILYRIC basehouse generally operates from 0900 to 1400 or 1500 weekdays. LIMITED operates from 1200 to 1800 or dark (as the daily situation dictates) on weekdays, and 0900 to 1400 on Saturdays. (These hours are subject to change to fit Station needs.) Special coverage for Sunday is arranged on a need basis; however, past experience has shown regular coverage of Saturday afternoons and Sundays is not rewarding. This schedule provides for both basehouses to be in action during the peak activity hours of the LIMERICK target. Although even this arrangement is not completely airtight, anything less than this would present unacceptable gaps in the coverage. It must also be considered that without two basehouses covering the front of the target installation, any illness, personal problem or vacation for operators of one basehouse would terminate Station coverage.</p>		
<p>Also worth mention at this point is the radio "dispatching" of the LIEMBRACE team by the LIMITED base. Due to the tight protective security measures instituted by the local police in the area of the LIMERICK installation it is impossible for a unilateral surveillance team to stakeout the LIMERICK installation when assigned to coverage of members of the LIMERICK staff. LIMITED operator radio dispatches the team onto target personnel giving direction, means of travel and description of dress of these targets. This permits the team to commence its surveillance a number of blocks from the LIMERICK installation and beyond the protective ring of the local police. This radio dispatching makes possible the surveillance of LIMERICK staffers which would otherwise be impossible or extremely risky. <i>It is also used without doubt monitored by the R15</i></p>		
<p>The third basehouse, LICALLA, provides coverage of the back of the LIMERICK installation and the garden area. This coverage is the real "window" the Station has into the LIMERICK target and provides a large part of the information on which Station bases its identifications of LIMERICK staffers and its estimates of staffing, personnel positions and intelligence connections of the LIMERICK personnel. Due to its position, LICALLA is also able to provide information on the LIMERICK installation which is of LAURICLE interest.</p>		
<p>It is the Station's opinion that as long as the LIMERICK installation is a prime target of the Station, it will be necessary to maintain the present three basehouses. To eliminate any one of the three would create a gap in the Station's coverage that would not be compatible with the emphasis placed on this target by the latest RMD and the Station's responsibilities under this RMD. <i>Is anyone against this?</i></p>		
<p>3. <u>OPERATIONS - CURRENT.</u></p>		
<p>In the past it has been stated that the LIEMPTY operation provides the majority of photographs used by the Station in its CE operations against the LIMERICK target. This is still true and will remain so for the foreseeable future. The Station, and particularly that section concerned with the LIMERICK target, has always considered the LIEMPTY photo take an essential tool in following the daily activities of the personnel of the target installation and visitors to that installation. Obviously the most interesting individuals in both these categories are those of intelligence concern. Among these have been a number of PBPRIME citizens. For those interested in statistics, LIEMPTY take for the reporting period included approximately 235 rolls of operational photos, 205 of which were directly concerned with the LIMERICK target. In addition, the daily logs kept by the basehouses on the comings and goings of the LIMERICK staff members and visitors have greatly aided the Stations CE efforts, especially in crisis times such as the GEPLOOR affair.</p>		
<p>In the area of specific support to the Station's CE program (in addition to the above) and support to other Station operations, the following is a list of selected LIEMPTY contributions in this area.</p>		
<p>a. LIEMPTY support to the AMROD operation continues to be essential to that operation. The contributions made by the two cutouts, Raymond H. GERENDE and Oliver G. SCANTLING, during the reporting period can be truthfully described as "making" the operation work. Only because GERENDE and SCANTLING are available to provide daily execution of the assignments levied on the Station has the Station been able to contribute fully to AMROD.</p> <p>b. Oliver G. SCANTLING continues in his assignment as cutout in the LIMITED phase of the LIEMPTY operation and alternate contact of LICASA-1 in a sensitive operation of LAURICLE interest. Due to the fact that SCANTLING's wife died during the reporting period with the resulting visits of</p>		
<p>FORM 10-57 53a (40)</p>	<p>USE PREVIOUS EDITION, REPLACES FORMS 51-11, 51-13A AND 51-29 WHICH ARE OBSOLETE.</p> <p>CLASSIFICATION S E C R E T</p>	<p>PAGE NO. PAGE 62 of 68 COPY NO.</p>

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relatives and legal details to be settled, SCANTLING's miscellaneous operational activity was somewhat curtailed. However, SCANTLING did find time to take on the servicing of a post office box mail drop for the sensitive AEMPULSE operation and complete two pretext investigations.

- c. GERENDE continued his assignments as cutout to LICALLA and LILYRIC basehouses and LIENTRAP truck. In addition GERENDE obtained a safe apartment for use of the LIKAYAK Case Officer and performed an investigation at the Instituto Cultural Español-Mexicano at the behest of the COS. GERENDE and LIEMPTY-10 continued to provide frequent servicing of P. O. Box mail drops used operationally by Mexico City Station as well as other Stations.
- d. Special assignments were given the project basehouses concerning a matter of LAURICIE interest and the arrival and activities of two LIMERICK TDY officials. Full reports were prepared and supplied to the interested Station officers in these cases. The project assets have also been alerted to provide immediate reporting on a special case involving a PBPRIME citizen which is of interest to ODENVY and KUBARK. During the recent visit to Mexico of an individual of ODIBEX interest, the project assets were alerted and supplied special weekend coverage of the LIMERICK staffer who was known to have contacted the individual of interest to ODIBEX.
- e. During the reporting period the operational use of LIENTRAP continued to increase. This use has been primarily in the coverage of PCM and exile Communists residing in Mexico.

3. SECURITY.

LIENTRAP was involved in an accident on 24 February 1964 while returning from an operational assignment. LIENTRAP was struck on the right side by a taxi which had run a red light causing LIENTRAP to turn over on its left side. Since the operational equipment is not permanently mounted in LIENTRAP, and is carried in a small case while moving from assignment to assignment, all equipment was readily evacuated by LIEMPTY-10 while the driver, LIEMPTY-11, and bystanders righted LIENTRAP. The taxi fled the scene and LIENTRAP was able to move off under its own power. Damage to the right side and broken windshield resulted from the accident. No security problems resulted and LIENTRAP was back in operation in a week.

A survey was conducted among the agents under this project to determine if they remembered their recontact instructions and verbal recognition signals. It was learned that most had forgotten at least part of the plan. New contact plans are being formulated and current pictures of all agents have been obtained to facilitate recontact. It is planned to review the recontact instructions with the agents periodically once the new plan is worked out.

4. EQUIPMENT.

No major equipment problems other than the LIENTRAP accident noted under "SECURITY" above were experienced during this period. In February the LIMITED camera required adjustment of the shutter and trip spring.

5. PERSONNEL.

The Station has been making a review of its personnel needs under this project in order to determine where economies could be instituted without causing gaps in operational coverage or decrease in security and efficiency. It has been determined that LIEMPTY-12 can be terminated under the above conditions and probably LIEMPTY-6 as well. It is planned effect these terminations as of 1 July 1964. It also has been determined that as of 1 July LIEMPTY-19 will be placed on an hourly rate for work performed for the Station.

6. TRAINING.

No training other than regular review of tradecraft principles (to include recontact instructions) are planned. Photographic product is reviewed daily as a standard procedure, and action agents are instructed as necessary to improve or correct their technique in both taking and processing the product.

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REVIEW OF PROJECT LIEMPTY
(For the Purpose of Project Renewal)

COVER SHEET

CRYPTONYM	<u>LIEMPTY</u>	FIELD CASE OFFICER	<u>Quinton N. OUSLER</u>
STATION	<u>Mexico City</u>	CHIEF OF STATION	<u>Willard C. CURTIS</u>

The attached project action is presented for approval for the period 1 December 1960 through 30 November 1961.

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REVIEW OF PROJECT LIEMPTY
(For the Purpose of Project Renewal)

I. CURRENT OBJECTIVES AND PRODUCTION

A. Oliver G. SCANTLING Segment (discussed in relation to project objectives):

1. "To collect operational information pertaining to LIMERICK personnel and physical facilities." SCANTLING has continued (See the last Project Review forwarded as an attachment to HMMA-14093, 13 November 1959) to provide worthwhile and significant information pertaining to the above objective. There follow a few examples of SCANTLING's production:

a. A detailed casing of the LIMERICK electrical power supply was forwarded to Headquarters as an attachment to HMMA-14496, 12 February 1960. The production of this type of operational information, which takes several weeks to compile accurately, illustrates the unusual talents possessed by SCANTLING together with his valuable contributions to the Station's operational information collection effort.

b. SCANTLING has been used frequently to follow up leads produced by LIFEAT/LIMERICK (now produced by LIENVOY). For example, in May 1960, LIFEAT indicated that the LIMERICK target was having considerable contact with an AGENCIA ROBLES concerning the handling of incoming and outgoing shipments. By discreet investigation, SCANTLING was able to provide the Station with additional pertinent information about the address, owner and type of business engaged in by the firm. Such information then becomes readily available for exploitation should a LIMERICK shipment of particular interest come to the attention of the Station.

c. SCANTLING is the Station's primary investigative asset for keeping track of current residence addressees of LIMERICK personnel. The Station considers it important from the counterespionage standpoint to maintain information on the location of all

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LIMERICK residences. In addition, specific targets are continually considered for LICOOOL installations. A recent example of SCANTLING's efforts in this connection would be the spotting and acquisition of the LIMOTOR base in the same apartment building with LITALON -1. Contributions of this type operational information are quite time consuming due to the necessity for checking out several apartments that a LIMERICK individual may initially be considering as a residence.

2. "To collect operational information pertaining to other targets of opportunity, foreign official installations and personnel of intelligence interest operating in Mexico." As indicated below, SCANTLING is also extremely useful for collecting information on targets other than LIMERICK:

a. In March 1960 SCANTLING was instrumental in locating property adjacent to the LITABBY installation which the Station has since rented in anticipation of initiating photographic and technical operations. SCANTLING was able to accomplish this assignment only after a thorough casing and pretext investigations of the several pieces of property appropriate for such operations.

b. SCANTLING is also used to follow up sensitive leads in connection with LIFEAT and LIENVOY production from LITABBY and sister targets (See example as to type under I,A,L, b and c above).

c. SCANTLING was used as an investigative asset to determine the local address and exact employment of [redacted] (201-220025), a counterespionage case of interest to Headquarters and ODENVY.

3. "To exploit operational leads through recruitments, debriefings, and surveillances." As examples of SCANTLING's contribution to this objective, the following cases are listed:

a. SCANTLING devoted a considerable amount of time to his attempts to locate Cesar GONZALEZ Sanchez, a known agent of a Communist Country. He followed various leads on GONZALEZ from March to August 1960 before

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GONZALEZ was finally identified and his Mexico City home and business addresses were ascertained. See HMMA-15626, 9 September 1960, for further details on this case.

b. The preliminary investigative work on a KUSODA case of priority interest was conducted by SCANTLING. During this investigation it was necessary for SCANTLING to travel to Aguascalientes, Guanajuato and Minatitlan to obtain the information required by Headquarters. See the attachments to HMMT-1416, 20 May 1960, for the results of the investigation.

4. In addition to his contributions to the above objectives, SCANTLING is used for miscellaneous support requirements of the Station. For example, SCANTLING handled several of Raymond H. GERENDE's (ps) operations while the latter was away from Mexico City during August and September 1960. Also, SCANTLING has been managing the LIJERSEY surveillance team since the departure of Simon D. CLACKETT in August 1960. It is hoped that SCANTLING can be relieved of this assignment as soon as the LITEMPO project is approved. SCANTLING has also been used to spot and rent safe houses for various Station operations, a valuable operational support service.

5. As stated in the preceding Request for Project Renewal, although SCANTLING's LIEMPTY Project objectives can never be completely fulfilled, it is the Station's opinion that SCANTLING has made important and valuable contributions to LIEMPTY Project objectives specifically and to other Station activities in general. SCANTLING's production, measured against monetary expenditures, case officer time and other intangible factors, unquestionably justifies his continuation as an integral part of Project LIEMPTY.

B. Raymond H. GERENDE Segment (discussed in relation to project objectives):

1. "To collect operational information pertaining to LIMERICK personnel and physical facilities through use of photographic base houses." Together with their extensive photographic coverage of the LIMERICK target, the photographic bases also contribute other types of operational information:

a. LIMITED - This base compiles daily logs indicating all arrivals, departures and, where possible, identities of every person visiting or working at the LIMERICK target.

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This information is particularly useful in keeping track of LIMERICK personnel and assisting with the identification of visitors to the installation. Also, LIMITED maintains a summary attendance list of LIMERICK employees on a daily basis; this enables the Station quickly to ascertain the presence or absence of an employee on any given day. Finally, one other significant service is performed by this base, the radio dispatching of the LIEMBRACE surveillance team on LIMERICK personnel and targets of opportunity. LIMITED's photographic coverage is still concentrated on visitors, as opposed to employees, to the LIMERICK installation. A recent example of the base's contributions to Station efforts is the case of [redacted]. In this case, a LIENVOY lead indicated that an American might visit the LIMERICK target on a certain day. The base was alerted to dispatch the radio-controlled surveillance team on any person appearing to be an American. The results of this assignment were indicated in MEXI-6392 and several other cables. LIMITED was also able to provide photographs, which when compared with photographs provided by Headquarters, left no question as to [redacted] identity.

b. LILYRIC - This base's output of high-quality clandestine photographs has been in about the same quantity as last year. In addition, the base operator, LIEMPTY-14, prepares weekly reports on LIMERICK employees and their wives. LILYRIC also performs the assignment of noting and reporting the license plate numbers of all cars bringing visitors to the LIMERICK installation. LILYRIC photographs also are concentrated on visitors to the target, as opposed to employees. It should be noted that LILYRIC operates for photographic coverage during the hours from daylight to 1400 hours each day of the week except Sunday. The LIMITED base maintains photographic coverage from 1400 hours to darkness each day except Sunday.

c. LICALLA - As reported in previous correspondence, the LICALLA base contributes to the collection of operational information through photographic coverage of LIMERICK employees and their families. Also, the base operator,

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LIEMPTY-9, supplies extremely worthwhile information pertaining to the apparent positions and jobs of the target employees. He accomplishes this objective by careful observation and analysis. LICALLA also maintains a daily attendance roster of all LIMERICK employees. LICALLA coverage of the target, both photographic and physical observations, enables the Station to keep abreast of LIMERICK personnel changes, a vital contribution to the Station's counter-espionage effort.

2. "To collect operational information and identify operational leads pertaining to Station targets of opportunity." The LIENTRAP operation, handled by GERENDE, is the major contributor to this objective. It has been possible for LIENTRAP to take photographs and to perform pretext investigations in support of numerous Station activities. The cases listed below are cited as examples:

a. In the case of ██████████ (see I, A, 3, a, above) LIENTRAP was able to procure photographs of ██████████ at his Mexico City residence which, when compared to Headquarters provided photographs, left no doubt that ██████████ was the subject of interest to Headquarters.

b. LIENTRAP confirmed the identity of Olga CASTILLO de Ledon, a frequent visitor to the LIMERICK installation and an ardent supporter of the present Cuban regime, through a pretext investigation of the residents of an apartment building where CASTILLO was believed to live. Later, LIENTRAP supported the results of the investigation with excellent photographs of the subject.

3. "To provide operational support to Station operations, i. e., rent hotel rooms and apartments, and conduct counter-surveillances." GERENDE is used frequently to rent hotel rooms and apartments for other Station operations and activities. GERENDE's comprehensive area knowledge and personal operational capabilities combine to make him an extremely valuable Station asset for such support activities. GERENDE also procures post office box letter drops for the many Station operations requiring them.

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4. It is the Station's conclusion that the money and case officer time expended on this segment of the LIEMPTY project is worthwhile and should be continued in view of the quality and quantity of operational information produced.

C. Simon D. CLACKETT Segment (discussed in relation to project objectives):

1. "To collect operational information and to identify operational leads pertaining to the LIMERICK target and Station targets of opportunity." During this project year the LIJERSEY surveillance team under the direction of CLACKETT began contributing to the Station's support efforts through pretext investigations and physical surveillances. Some examples of the team's work are listed below:

a. [redacted] (201-64372) is a Guatemalan Communist which the team had under surveillance from November 1959 to April 1960. The surveillance, together with information acquired from other sources, eventually resulted in an unsuccessful recruitment attempt on [redacted]

b. [redacted] (201-64546) [redacted] is a Dominican of interest to the Station. The LIJERSEY team devoted portions of five months, January to May 1960, collecting information on subject through physical surveillance.

c. Jose Maria "Chema" LOPEZ Valdizon (201-) was the subject of a physical surveillance during May and June 1960. LOPEZ was later deported from Mexico through the efforts of LITEMPO-2.

d. CLACKETT and the LIJERSEY team performed numerous pretext investigations on Station targets of opportunity and on three separate occasions during the project year served as a counter-surveillance escort for Station officers in other operations.

2. CLACKETT, just prior to his resignation in August 1960, spent about five weeks giving tradecraft and operational skills training to LITEA-1. Although not specifically covered by the project objectives, this ability on CLACKETT's part is considered a significant contribution to the Station's support efforts.

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3. In view of CLACKETT's resignation, which was effective 31 August 1960, and the proposed transfer of the LIJERSEY team to the LITEMPO project, this segment of the LIEMPTY project will not be renewed. However, for the record, it is considered that the CLACKETT segment of LIEMPTY was worthwhile and the expenditure of Station assets in connection with LIJERSEY operations were justified.

D. Relationship to Related Mission Directive Objectives:

It can readily be noted that Project LIEMPTY has provided support to many Station operations and in this manner has been a contributing factor to the furtherance of the Related Mission Directive. The project has not produced any positive intelligence nor has it been intended that it should do so. The project's sole purpose is to provide a mechanism for the development of operational information in support of other Station operations.

II. CHANGES

A. Simon D. CLACKETT

The unexpected resignation of CLACKETT in August 1960 has necessitated the decision as how best to utilize the LIJERSEY surveillance team and still benefit from the training and experience gained by the team during the past year. As explained in the LITEMPO project outline, it was decided that the LITEMPO Staff Agent would have the time, the need and the requirements to handle and manage the LIJERSEY team on a regular basis; consequently, the Station believed that such a solution to this problem would permit the Station to continue to profit from CLACKETT's past efforts.

B. Oliver G. SCANTLING

Since CLACKETT's departure, SCANTLING has been handling the LIJERSEY team as an interim measure pending Headquarters approval of the LITEMPO project. SCANTLING has been exposed to, and likewise knows, only one of the team members, LIEMPTY-20. SCANTLING is known to L-20 only by an alias.

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C. Personnel Changes

1. LIEMPTY-15 - Member of the LIJERSEY surveillance team - Transferred to Project LITEMPO and cryptonym changed to LITED-2.
2. LIEMPTY-16 - Member of the LIJERSEY surveillance team - Transferred to Project LITEMPO and cryptonym changed to LITED-3.
3. LIEMPTY-20 - Assistant Team Leader of LIJERSEY surveillance team - Transferred to Project LITEMPO and cryptonym changed to LITED-1.
4. LIEMPTY-25 - Most recent addition to the LIJERSEY surveillance team. Transferred to Project LITEMPO and cryptonym changed to LITED-4.
5. There have been no other personnel changes within the LIEMPTY project, excepting the resignations of Simon D. CLACKETT and Wilma J. FIORDALISI.

III. EFFECTIVENESS

A. General comments pertaining to the value of the project efforts to the Station's needs - The Station is of the opinion that its operations are only as good as the support mechanisms backstopping and contributing to them. The availability of unilateral support agents and organizations, such as the LIEMPTY Project, to investigate leads and to collect operational information is an indispensable ingredient to the Station's espionage and counterespionage objectives. The Station would be seriously handicapped in its operational activities should the support services of such agents as GERENDE, SCANTLING and the agents under their control be suddenly made unavailable.

B. LIMERICK Target - The basis for most of the Station's counter-espionage activities directed against the LIMERICK target require detailed knowledge of the identity, activities and fellow associates of LIMERICK personnel. The LIEMPTY photographic basehouses undoubtedly provide more of this type information than any other Station operation. The production from LIEMPTY photographic bases and from the LIENVOY project provide the Station with the large majority of LIMERICK leads.

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C. Targets of Opportunity - The immediate availability of independent assets to perform investigations, photographic assignments and other essential types of support services in connection with Station targets of opportunity represent an operational advantage which this Station considers highly significant. It is due to such LIEMPTY assets that an agent can be sent to distant areas in Mexico to do investigations, that photographs can be made of individuals and places which are of operational interest and apartments and hotel rooms can be acquired in fictitious names in support of sensitive operations and activities.

D. Although the progress and success of any support project depends upon requirements from other Station operations, it must be concluded that Project LIEMPTY has indeed been effective during the past project year.

IV. PROBLEMS

A. Security - The activities of the LICALLA base were suspended in September 1960 as a direct result of the arrest of three KURIOT technicians by the Cuban Government. One of the technicians was known to have knowledge of the four LIMUST units (LICALLA is located in one of these units) and the Station considered it appropriate to suspend photographic operations pending resolution of the situation. At this time, there is no indication when LICALLA operations will be resumed. The LICALLA base operator has reported that there have been no unusual inquiries or other suspicious actions which might indicate that LICALLA has been compromised to LIMERICK personnel; however, such a possibility will exist until the release of the three technicians. No other security problems have occurred during the past year.

V. PLANS

A. Processing of Photographs - During the past year considerable progress has been made in the Station's handling, i. e., sorting, indexing, identifying leads and filing, of photographs produced by the several bases.

B. Photographic Techniques - The previous LIEMPTY Project Renewal Request indicated that the Station planned to try new techniques using HY-PAN film in night photography. HY-PAN film was used on a trial basis during daylight hours with poor results. Almost invariably, prints

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from HY-PAN negatives were too grainy and, consequently, were of little use in producing good identified shots of individuals. In view of these experiments, night photography has not yet been attempted. It should be noted that Eastman Kodak's new TRI-X PAN film, which all bases and LIENTRAP now use, is superior to any film previously used by the Station for clandestine photography. The quality of all base photographs have been increased considerably as a direct result of this new film.

C. General Comments - The Station believes that the GERENDE segment is now operating under optimum organizational arrangements and there are no plans for expansion contemplated at this time. It is expected that SCANTLING will soon be relieved of his interim responsibility for the LIJERSEY team and can concentrate more on his investigative and casing activities. The transfer of the LIJERSEY team to Project LITEMPO reduced Project LIEMPTY activities by an appreciable amount. It is not planned, during the coming year, to expand present LIEMPTY activities.

VI. COSTS

A. Past Project Year - Station finance records indicate that Project LIEMPTY expended \$19,120.91 during Fiscal Year 1960 (1 December 1959 - 30 June 1960) and has thus far during Fiscal Year 1961 (through 31 October 1960) expended \$16,734.69. Contract Agents salaries and allowances paid by Headquarters bring the total expenditures for 11 months of the project year to approximately \$50,000.00. An additional \$4,000.00 will be obligated during the 12th month of the project year. This will bring total project expenditures to about \$54,000.00 for the entire project year.

B. Ensuing Period - Of the total \$53,000.00 budget, itemized below, \$31,900.00 should be expended during the remainder of Fiscal Year 1961 and the balance, \$21,100.00, should be expended during Fiscal Year 1962. Normal accounting procedures will be used for all expenditures.

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AGENT U.S. \$ PER ANNUM

Raymond H. GERENDE C-32743	\$ 5,040.00
Oliver G. SCANTLING C-26803	4,560.00
Louise J. MACRINO C-41452	2,500.00
(@ \$2.02 per hour)	
LIEMPTY-4 C-51872	2,000.00
LIEMPTY-5 C-58482	1,500.00
(@ \$1.75 per hour)	
LIEMPTY-6 C-29948	2,800.00
LIEMPTY-7 No Salary C-38075	-0-
LIEMPTY-8 C-38074	1,800.00
LIEMPTY-9 C-56699	2,800.00
LIEMPTY-10 C-5598	3,600.00
LIEMPTY-11 C-41439	2,500.00
LIEMPTY-12 C-36226	1,800.00
LIEMPTY-13 C-46945	1,800.00
LIEMPTY-14 C-61168	1,800.00
LIEMPTY-19 C-77579	1,000.00
LIEMPTY-24 No Salary C-78022	-0-
Christmas bonuses all personnel	<u>2,500.00</u>

SUB-TOTAL \$ 38,000.00

OPERATIONAL EXPENSES

Maintenance of MV-2279, 2284 and 2286.	\$ 2,000.00
Operational Travel	500.00
Procurement of Safehouses, post office boxes and renting automobiles.	2,000.00
Purchase of information, identification documents, and bribes.	2,500.00

SUB-TOTAL \$ 7,000.00

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OPERATIONAL EQUIPMENT

Repair and maintenance of camera equipment.	\$ 500.00	
Purchase of replacement photographic equipment and supplies.	2,000.00	
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SUB-TOTAL		2,500.00

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Rent, utilities and maintenance of following safehouses:

*LIMITED	\$ 3,000.00	
*LICALLA	1,500.00	
LILYRIC	1,000.00	
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SUB-TOTAL		5,500.00

GRAND TOTAL \$53,000.00

*LIMITED and LICALLA rents are returned to the Station by LIMOUSINE and credited to Station miscellaneous receipts.

VII. EMERGENCY CONDITIONS

As regards the requirement listed in CSI-F No. 230-60, Annex A, for communications arrangements in the event of "Emergency Conditions," the Station does not anticipate that this project would or could continue to function under its present objectives. However, both principal agents, SCANTLING and GERENDE, would very possibly be worthwhile sources of information to maintain contact with under any adverse conditions. Both of these agents identify themselves, in terms of ideology, motivation and perspective, more as Americans than as Mexican nationals (which they are). It is reasonable to assume, therefore, that SCANTLING and GERENDE would become valuable contacts in any emergency situation.

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The Station is aware that the previous project renewal stated that emergency communications arrangements were being made. The Station has finally obtained the U. S. addresses of relatives through whom GERENDE and SCANTLING could be contacted under most situations. This information will be forwarded separately.

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