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DECLASSIFIED AND RELEASED BY  
CENTRAL INTELLIGENCE AGENCY  
SOURCES METHOD EXEMPTION 3B2B  
NAZI WAR CRIMES DISCLOSURE ACT  
DATE 2007

SECRET/KAPOK

AIR

EGM-3410

NAVY 4-8-57

: Chief of Base, Manila  
(Attn:    
: Chief, SA

INFO: COS

- : Operational/REDWOOD/LC IMPROVE/AEBATH
- : Transmittal of Project Renewal - AEBATH

AEBATH

Reference: DIR-47547

Action Required: See Paragraph 5.

1. Transmitted herewith as Attachment "A" is a sterilized copy of the AEBATH Project Outline for the period 1 August 1956 through 31 July 1957. Attachment "A" will be forwarded to you in two parts: the first part will contain that portion of the Project Outline comprised of even-numbered pages, the second part which will be sent as a Separate Enclosure will be comprised of the odd-numbered pages.

2. Authority has been granted to obligate \$7,300; \$6,862.00 for the current fiscal year for which funds are available, and \$438.00 for the 1958 fiscal year, subject to the availability of funds.

3. Comments on AECAPALIN-1's Escrow Account. It is our considered view that AECAPALIN-1 should be persuaded, if at all possible, that it is to his best interest not to make further withdrawals from his escrow account. The reasons for our position follow:

a. While we do not presume to regulate Subject's moral obligations toward his former mistress, we feel that an excessive portion of his withdrawals have been made for her benefit.

b. Although Subject's escrow account represents a legitimate portion of AECAPALIN-1's salary and he might be justified in requesting periodic withdrawals for special needs, nevertheless the escrow account also functions as a control over the agent and he should not be encouraged to believe that he can tap it at will.

SECRET/KAPOK

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SECRET/KAPD

EGM-3410  
Page 2

c. It is envisioned that eventually Subject will emigrate to the United States. We have no assurance that this problem could not become an immediate one. Adequate planning for Subject's resettlement should equip him financially to live on an economy that is much higher to that to which he is accustomed, and Subject should be encouraged to look upon his escrow holdings as savings necessary for his first years in the United States.

4. Comments on the Project Safehouse. We wish to expand as follows regarding the disapproval of a separate safehouse under the AEBATH Project:

a. The total cost of the AEBATH Project is \$7,300.00. A Project amendment in the sum of \$4,000.00 for a safehouse would increase the project costs to a disproportionate degree and does not seem to be warranted when compared with the other, more essential, aspects of the project.

b. On the whole, past methods of contact have worked out well. A separate safehouse seems essential when the type of business is of such a nature, e.g., processing S/W material, that the activity cannot be done securely elsewhere. AECAPELIN-1 contacts do not fall within this category, since ordinarily they involve only passing of reports and conversation. The incident in EGM-20222, Attachment II does not show that past meets have not worked out in the past, since it only represents one instance in ten years of intense contact. It does, however, emphasize the need for constant security-mindedness and care in arranging meetings.

c. A safehouse in itself does not make for optimum security. What is important is that AECAPELIN-1 avoid the creation of a pattern of routine contact with his case officer. Regular travel to and from a fixed safehouse, when not operationally necessary, is to be avoided. Security needs might be more adequately served by holding contacts at different times of the day and night, with stops at carefully selected restaurants. It is assumed that an operational automobile is available. Moreover, the fact that AECAPELIN-1 operates under WCC cover makes it possible to hold occasional meetings in his offices, at times judiciously arrived at.

d. As a solution to the contact problem in those few cases when business with AECAPELIN-1 really requires safehouse facilities, it is suggested that one less frequently used safehouse from some other project, such as AEPAGAN, be earmarked for such a contingency. We wish to emphasize, however the real danger to security inherent in convenient, frequent regular day-time travel to and from a fixed safehouse area, and we repeat the view that a system of contacts designed to avoid a traceable pattern of unaccountable absences by AECAPELIN seems to be the best answer to our security as well as fiscal problems.

SECRET/KAPD

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EXM-3410  
Page 3

5. Field Participation in Future Renewals. KUBARK Regulation, Field Instruction No. 236-1 requires that the Field Station supply pertinent comments concerning the renewal of the plan or project for consideration for inclusion in the project manual. Accordingly, comment in such matters is solicited, and it is requested that your suggestions, deletions or additions be transmitted no later than prior to 1 May 1957, in order to make possible their inclusion in the renewal for FI 1958.

Distributions:

- 2 - MCB w/ ATT.A + SEP GOV ATT
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SR/3-W3/JAH;pj/9 January 1957

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