

CLASSIFIED MESSAGE

SECRET

DATE : 20 FEB 63

TO : DIRECTOR

FROM : MUNCH

ACTION: SR 6

INFO : PG 2, CA 2, CA/PEG, CA/PROP, CI/OPS, CI/OA, EE 4, S/C 2

ROUTING

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FEB 20 1516Z 63

ROUTINE

74-126-2011

IN71535

DIR INFO FRAN CITE MUNI 4851 ACTING

CAMOG REDWOOD AEVIRGIL UPHILL

REF A DIR 18194 ✓

B EGMA 61373, 20 FEBRUARY 63

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3020
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

1. REF B WHICH COVERS [] UTILITY DISCUSSION OF AEVIRGIL ON 18 FEBRUARY INDICATES IT WAS NOT POSSIBLE DISCUSS TOPIC IN DEPTH AS UTILITY WAS NOT AWARE OF NATURE OR PURPOSE AEVIRGIL-1. HOWEVER, UPHILL LOOKING INTO AEVIRGIL-1 AND WILL DISCUSS WITH MLB LATER. BELIEVE THIS PUTS US IN ADVANTAGEOUS POSITION AS IF UPHILL NOW DECIDES THEY INTERESTED IN AEVIRGIL-1, THEY WILL HAVE TO ASK FOR IT AND WE CAN MAKE SUCH ALTERATIONS IN AEVIRGIL PACKAGE AS SEEM ADVISABLE BEFORE TURNING OVER TO UPHILL.

2. REGARDLESS OF OUTCOME OF ANY FUTURE NEGOTIATIONS WITH UPHILL, FOLLOWING FACTORS IN OUR VIEW POINT UP NECESSITY ANNOUNCE TO AEVIRGIL LEADERSHIP NOT LATER THAN 27 FEBRUARY OUR DECISION WITHDRAW SUBSIDY EFFECTIVE 1 JULY:

A. IN ORDER MEET 1 JULY CUTOFF DATE, LAW REQUIRES WE ISSUE TERMINATION NOTICES TO ALL LONGTERM EMPLOYEES NO LATER THAN 1 MARCH.

SECRET

GROUP 1
EXCLUDED FROM AUTO-
MATIC DOWNGRADING &
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B. PBCHORD MAKING UNOFFICIAL INQUIRIES RE AVAILABILITY AEVIRGIL PERSONNEL TO FILL NEW SLOTS AVAILABLE PBCHORD. BELIEVE THIS OFFERS OPPORTUNE SOLUTION TO RESETTLEMENT PROBLEM SOME AEVIRGIL EFFECTIVES AND WOULD LIKE DISCUSS WITH PBCHORD IN DETAIL BEFORE SLOTS FILLED FROM OTHER SOURCES.

C. INTERNAL AEVIRGIL SITUATION IS IN STATE SHAKY EQUILIBRIUM AND REQUIRES DEFINITE ACTION OUR PART. TEMPORIZING RE ANNOUNCEMENT WILL ONLY MAKE CONTROL OF TERMINATION MORE DIFFICULT, PARTICULARLY FROM KUCAGE STANDPOINT.

D. CANNOT BEGIN CUT OUR LOSSES UNTIL ANNOUNCEMENT MADE AS REFUSAL ASSUME FINANCIAL OBLIGATION FOR LONGTERM BUT ROUTINE AEVIRGIL ACTIVITIES WILL ONLY EXACERBATE INTERNAL PROBLEMS.

3. PROMPT ANNOUNCEMENT OUR PULLOUT MAY RESULT AEVIRGIL-1 UNILATERAL APPEAL TO PBCHORD OR UPHILL FOR SUPPORT BUT CAN CONTROL PBCHORD REACTION AND BELIEVE THERE ADVANTAGES IN HAVING NEWS OUR WITHDRAWAL REACH UPHILL WORKING LEVEL THROUGH THEIR EMIGRE SOURCES, AS THIS MAY WHET UPHILL'S APPETITE TO TAKE OVER AEVIRGIL AND PLACE US IN STRONGER BARGAINING POSITION.

4. REQUEST HQS AND STATION CONCURRENCE TIMETABLE PARA 2 ABOVE.

END OF MESSAGE

C/S COMMENT: *RE TERMINATION OF PROJECT AEVIRGIL AS OF END FY 63.