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Letters Say Chile Aided Letelier Murder Figure

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The Chilean government paid legal fees and family support during 1978 and 1979 for Michael V. Townley, the man who was convicted of plotting and helping to carry out the car bombing assassination in Washington of exiled former Chilean diplomat Orlando Letelier, according to private letters Townley wrote from prison to officials in Chile.

Copies of 52 letters, covering the period from June 1978, two months after Townley was turned over to the United States by the Chilean government, to October 1979, were obtained by The Washington Post and authenticated by federal officials.

The letters portray the still-imprisoned Townley as frustrated and despondent over efforts by the Chilean government publicly to disassociate itself from him, and by the slow payment of his bills. At the same time, the letters contain assurances that Townley would conceal additional information concerning Chilean intelligence activities—including contacts with rightist European terrorists—from U.S. prosecutors.

During the Letelier assassination trials, federal prosecutors presented extensive evidence that Townley, an American citizen, was a senior agent in Chile's intelligence service, then known as DINA, and had carried out the September 1976 assassination of Letelier and an associate, Ronni K. Moffitt, under direct DINA orders. The Chilean government, which refused to extradite three senior DINA officials who were indicted in the case based on Townley's testimony, at the time characterized Townley as a low-level functionary in the secret

police who never was authorized to assassinate anyone.

Since then, Chile consistently has denied any connection with Townley, including payment of his legal and personal expenses. In September of 1978, for example, Gen. Cesar Mendoza Duran, a member of the Chilean junta, denounced Townley as "an agent of the CIA, the KGB and at the same time an agent of Cuba." Asked yesterday about the information contained in the Townley letters, Juan Prado, a spokesman at the Chilean Embassy, said: "This is another lie. Every statement Mr. Townley makes about Chile is false."

The letters originally were obtained from an unidentified source by Taylor Branch and Eugene M. Propper, a former assistant U.S. attorney who headed the prosecution team against Townley and two Cuban exiles, who later were acquitted. Branch and Propper have written a book about the Letelier assassination due to be published in April. Last September, the authors turned over copies of the letters to the FBI, which has reviewed their contents and discussed them with Townley, who remains at an undisclosed prison serving the remainder of his plea-bargained sentence for conspiring to murder Letelier.

"The one thing you get from the letters is that he [Townley] was anything but low-level," said Lawrence Barcella, the assistant U.S. attorney now in charge of the Letelier investigation. "His knowledge of events and other intelligence operations belies his being a low-level functionary."

Based in part on leads taken from the letters, Branch and Propper assert in their book, titled "Labyrinth" that DINA and Townley were involved with other terrorist activities outside Chile, including an assassination attempt by Italian terrorists against former Chilean vice president Bernardo Leighton, who along with his wife, was critically wounded

Asked about these and related information contained in the book, Barcella said, "Townley has acknowledged enough of those things that I believe them to be true."

To date, the only publicly released information taken from the letters emerged last December, when federal officials confirmed a DINA plot in which Townley in 1976 smuggled a small quantity of deadly nerve gas into the United States for possible use on Letelier. The vial of nerve gas, disguised as a bottle of Chanel No. 5 perfume, was shipped back to Chile before the Sept. 21 attack on Letelier.

This week, the FBI is expected to turn over copies of the letters, or at least a summary of their contents, to members of Congress who have requested them as part of an investigation into Chile's human rights record. The Reagan administration last year persuaded Congress to lift a ban on U.S. arms sales to Chile, proposed by Sen. Edward M. Kennedy (D-Mass.) and adopted by Congress in 1976. But licensing for all such arms exports was conditioned on administration certification to Congress that the government of Chilean President Gen. Augusto Pinochet has improved its human rights record and has made progress in its own investigation of the Letelier killing.

So far, the administration has made no such certification. But the matter has taken on increased urgency this month to several U.S. arms and aircraft manufacturers that are seeking government licenses to export their wares for display in Chile during an international air show there next month.

David Kemp, the Chilean desk officer at the State Department, said that some firms have made "overtures" to department officials. "Some companies have made it clear they would like to participate, but they are being told that no applications can be approved until the certification is made," he