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M.G.K.6  
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Chief of Staff, Canadian

18 April 1960

Chief, Foreign Branch

Operational

Reference to Supplementary Report  
to Mr. Walter Friedrich [REDACTED]

1. In view of the British allegation (see CIC) that HILLIARY had offered his services to HILDECK in setting up post defeat resistance turned by HILLIARY's account of the incident, an extract is being passed separately of that part of the final report on the Case of Walter Friedrich (CICA 1000 (A)-11204) which relates the story of HILLIARY's offer. Despite HILLIARY's unsatisfactory mental condition while under interrogation, his account of HILLIARY's offer is both lucid and credible. Certainly we could even justify, on the basis of HILLIARY's statements, at least in assuming that the two were well acquainted. Since HILLIARY has never to our knowledge mentioned his connection, nor had ever done so in conversation with us, he would have conveyed the impression that he did not know HILLIARY, or were likely to know.

2. In considering how we might best verify Mr. HILLIARY's story and laying with the loss of at some point confronting HILLIARY with [REDACTED], we resort with some interest certain references to Mr. HILLIARY, first, in operational correspondence. Possibly the most startling view opened by the assumption of an acquaintance between Mr. HILLIARY and HILLIARY is that presented by the involvement of an unidentified [REDACTED] in HILLIARY's activities. Is it possible that the economic adviser of HILLIARY, i.e. FRIEDRICH, [REDACTED] Walter Friedrich, or would like, if possible, to have a preliminary report from other than our sources on the financial aspects of the TX721 affair. For example, is the [REDACTED] concerned identified in the articles of incorporation or related papers, or in the trust agreement with Price and Company, and, in the form of a neighbourly check, who is the occupant of the [REDACTED] room apartment at the disposal of HILLIARY?

3. Could we, in addition, be brought up to date on the current overt activities and activities of Mr. Walter [REDACTED] by reference to KGB-107 to the possible verisimilitude of querying the postwar [REDACTED] on the background of a person of possible operational interest indicated him to be more or less available.

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