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IDENTIFICATION FORM

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MEMO

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[R] - ITEM IS RESTRICTED
MEMORANDUM FOR: Associate Deputy Director
For Operations

SUBJECT: Project KDFACTOR - Amendment and Termination Request.

CIA HISTORICAL REVIEW PROGRAM
RELEASE IN FULL 1972

1. The KDFACTOR Project (initially 1960 enrypted as the LEMPTY Project) was initially approved in 1958 to provide financial and material support for visual and photographic surveillance operations targetted against the Soviet Embassy in Mexico City. In June 1972 the project supported five agents and two basehouse surveillance sites.

2. The KDFACTOR Project was approved by the ADDO in the amount of $19,000 for FY - 72 and $20,000 for FY - 73. Per DIRECTOR 285255, dated 30 June 1972, the ADDO approved Amendment No. 1 to the KDFACTOR Project in the amount of $9,844 for FY - 72 to provide for costs of agent terminations.

3. The decision to terminate all agents and facilities under the KDFACTOR Project was based on a security review of the project activities which indicated that the VWBLANKET principal knew the basic details of the KDFACTOR operations, including the target, the location of the surveillance sites, and probably the true names and former cryptonyms of the agents covered by the project.

4. The cost of terminating the agents under the KDFACTOR Project amounted to $15,573; the cost of closing down the two basehouses under the project was $1,412. The total amount charged to the KDFACTOR Project in FY 72 was $36,090 which is $7,246 over the approved authorization of $28,844. The overage was incurred in terminating the agents and facilities associated with the KDFACTOR Project. Although Amendment No. 1 to the Project was approved in the amount of $9,844 to cover the cost of terminating the agents in the

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project, the actual payments made by Mexico City Station per the terms of each Memorandum of Oral Commitment (MOC) and in accordance with Mexican law and custom exceeded the estimate for termination costs made by Headquarters at the time the Amendment was requested. Termination payments made to each agent are as follows:

<table>
<thead>
<tr>
<th>AGENT</th>
<th>Date Recruited</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>KDFAC-2</td>
<td>Recruited 1956</td>
<td>$8,160</td>
</tr>
<tr>
<td>KDFAC-5</td>
<td>Recruited 1956</td>
<td>2,366</td>
</tr>
<tr>
<td>KDFAC-6</td>
<td>Recruited 1956</td>
<td>2,830</td>
</tr>
<tr>
<td>KDFAC-8</td>
<td>Recruited 1965</td>
<td>649</td>
</tr>
<tr>
<td>KDFAC-9</td>
<td>Recruited 1966</td>
<td>1,568</td>
</tr>
</tbody>
</table>

The long tenure of three of the terminated agents, the relatively high monthly salary of KDFAC-2 ($440) plus the computation of the termination payments in accordance with Mexican law and custom were the primary reasons that the final agent termination costs amounted to $15,573.

5. All agent terminations were accomplished in an amicable manner. No visible security risks were apparent at the time of the terminations although any one, or all, of the terminated agents may at some future date decide to divulge to an interested party the details of the KDFAC Project operations. KDFAC-2, KDFAC-5, and KDFAC-6 have worked in photo surveillance operations for the Station since 1956 and, therefore, obviously have considerable knowledge of targets, former safesites, personnel, and modus operandi of the Station. However, since the KDFAC Project was not concerned with incompatible operations or targets, we believe the risks of damage to Station relations with the Mexican Government in the event of exposure of the KDFAC Project operations by a terminated agent are within acceptable limits.

6. It is requested that the KDFAC Project be amended to provide the sum of $7,246 for FY - 72 to cover the costs of terminating five agents and two basehouse surveillance sites under this project.