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Memorandum From Arnold Nachmanoff of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger)

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Possible Chilean Government Involvement in the International Narcotics and Counterfeit Currency Traffic

Attached at Tab A is a memorandum sent to you by the Attorney General containing intelligence information indicating possible involvement in the international narcotics and counterfeit currency traffic on the part of individuals in the Chilean Government, and perhaps of the Government itself. The reports are circumstantial and incomplete. On the basis of information received thus far the following seems certain:

—The participation of Chilean citizens in the narcotics and counterfeit currency traffic has increased markedly in the past 18 months to 2 years.

—Chilean participation in this traffic has received some assistance from individuals in the Chilean Government—the previous Government as well as the present one.

—Some of the individuals involved in the narcotics and counterfeit currency traffic have had contact with President Allende.

What is unclear is the degree to which involvement in the narcotics and counterfeit currency traffic has occurred as a matter of Chilean Government policy and to what degree it is a matter of simple corruption not uncommon in Latin Governments. With respect to Allende, it is unclear the degree to which he may personally know of this traffic and be personally involved in it.

Aside from the importance of this subject from the law enforcement and narcotics control viewpoint, hard information on the involvement of the Chilean Government under the present regime and/or of Allende personally in the narcotics and counterfeit currency traffic is a potentially powerful political weapon. Hence, steps should be taken to acquire a more thorough knowledge of Chilean involvement in this traffic.

I recommend that a small Task Force of the principal intelligence agencies, reporting to you, be formed under the chairmanship of CIA, and charged with exploring the question of Chilean Government involvement in narcotics and counterfeit currency traffic and/or that of Allende personally, and with the preparation of a report to be submitted to you within 30 days. The Task Force might consist of representatives from CIA, DIA, FBI and the Bureau of Narcotics and Dangerous Drugs. If the Task Force does come up with some hard evidence, you will then be in a position to decide how to

crank this into our overall strategy toward the Allende government.

Recommendation

That you discuss this subject with the Attorney General and suggest that a Task Force, as proposed above, be established to give priority attention to developing more information on this.