

Conversation with Wally Priestly, 26 March 1975, Re: Chile  
and CIA

Mr. Priestly is a member of the Oregon State House of Representatives and has explicitly authorized me to convey the following notes from our conversation.

Mr. Priestly has known several members of a rich Chilean family for several years. As a result, he has learned about a number of things which ought to be included in the investigations currently underway.

The family was a long time enemy of Salvador Allende. It is a strong supporter of the current government.

Some members of the family moved to Portland, Oregon prior to the election of Salvador Allende. About 6-8 months after the election, the family members began receiving checks from a U.S. Air Force base in Texas. The checks continued to arrive every month until the family members returned to Chile shortly before the coup d 'etat.

A member of the family who was a student at a Calif. Univ. in the fifty's was contacted by the CIA after he returned to Chile. He became a contract agent. When he was in Portland, Ore. in 1960-61 he was recontacted by the CIA for a trip to Cuba. The purpose was to determine whether a person he had gone to school with in Calif. was in Cuba as the CIA believed.

This is the extent of the hard data from our conversation.

However, certain inferences seem in order. First, the money sent from the AFB in Texas was certainly not a gratuity. I, therefore, assume that it was matching funds from Chile. I have heard from other sources that the US Embassy operated dummy companies in conjunction with Chilean lawyers where money invested in these dummy co.s was: A, under CIA control for "destabilization" projects and B, matching US funds were disbursed as directed by the "investors."

This operational outline seems quite credible for three reasons: A, capital export restrictions imposed by the Allende government, B, the large amount of money available to the Chilean truckers for their "strike" with the guarantee of compensation if their equipment was destroyed and C, if I were a director of security for the American Corporations (read NSA, CIA, et al.) I would have used the procedure outlined above precisely because it could have worked.

Second, the network of the CIA is ubiquitous. The CIA knows that a person is a student in Calif. He is contactable in Chile and in Portland, Ore. This is indicative of an operation rivaling the most infamous secret police systems in history.

From the hard data and obvious inferences, the following questions and conclusion seem unavoidable. How is it possible to apply the term democracy to a system which is demonstrably anti-democratic? How can I believe that the US Government is different from the acts perpetrated by a sub-agency of that government? Can I divorce the Government from the CIA, holding the first to be democratic while

the other is fascist? Can I believe that this government is good while its agents are known to be wicked?

"By their fruits ye shall know them."

It is the total US Government which is on trial. The people are the court. Watergate redounded to the government's credit as it was conducted in a generally open forum. Secret investigation of the secret agencies and their allies will negate that credit.

Notes, inferences, questions and conclusion by Ace R. Hayes