26 July 1967

MEMORANDUM FOR: DC/SB

SUBJECT   :   Freds Launags

1. On 25 July 1967 [CI Staff, and [   ] of DCS showed me a memoranaum on Subject (which they subsequently delivered to you) and provided a lengthy explanation on Subject's background.

2. In brief, Subject worked for us in the Baltic REDSOX program in Germany and in the U.S. until his amicable termination in 1959. During this period he moved legally to the U.S. on his own initiative and has now acquired U.S. citizenship. Since being terminated Subject has shown increasing signs of schizophrenia and he is currently considered incurable although Agency doctors who have examined him in the past are of the opinion he will never become violent. He is, however, a complete bum who cannot hold a job despite the efforts of CIA and many of his friends to train him and find suitable employment for him.

3. About a year ago CSB put $3000. at the disposal of DCS and asked them to dole it out to him to keep him alive and out of trouble. DCS has been paying him about $50 every two weeks and there is now about $300 or enough for six more weeks left in the fund. DCS would like to know whether we wish to provide more funds or wish them to terminate the contact.

4. From the material which CI Staff provided in their memo, it appears that the Soviets are well aware of Subject, that they know about his operational activities and that they do not want him in the USSR. That situation, combined with the fact that Subject no longer has any current operational information, would indicate that continued payments to keep him from revealing what he knows to the Soviets are no longer necessary.

5. Subject could become a newsworthy case in the U.S. but his present irresponsible attitude would indicate to me

hat we cannot control this possibility by further payments.
If Subject, during one of his less lucid moments, is
involved in an accident or otherwise comes to the attention
of the press, we can expect his CIA history to be published
because he will probably tell all about it. It would seem
to me that we would be in a better position if we could say
honestly that Subject had once worked for us but is no
longer in our employ rather than having to admit that he is
still, in effect, on our payroll.

6. Thus the only reason I can find for continuing to
pay Subject is a humanitarian one. However, ⊂
      ⊐ both assured me that Subject will not starve if we
terminate our payments. He has friends in the Latvian
community, although he has alienated most of them, and he
has managed to survive for long periods by short-term
jobs such as watchman, porter and dishwasher.

7. You may wish to hold this memo until CSB returns
as he was the one who granted the $3000 last year. We have
until about the end of August to provide a reply to DCS.

[   ]
ADC/SB/AU