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10 January 1958

MEMORANDUM FOR DIRECTOR, NSA:

1. On 1 November 1957 I submitted a memorandum (in the form of a summary report) of my visit and talks with Mr. Hagelin, and a copy thereof forms Incl. 1 to the present memorandum. Also, accompanying the present memorandum (Incl. 2) is the detailed report mentioned in Paragraph 2 of my previous memorandum on this same subject (Incl. 1 hereto).

2. My 1 November 1957 memorandum made four recommendations; these are still under study in NSA. I understand that unfavorable report on the first of my recommendations has been submitted to you by the Director of PROD. I have had as yet no opportunity to read PROD's report but the substance of it has been imparted to me by Dr. Engstrom.

3. Upon completing Incl. 2 to my present memorandum (detailed trip report) I find no reason to change any of the four recommendations made in my memorandum. (Summary report of my trip - Incl. 1 to this memorandum).

4. Since my letter of 27 October 1957 to Mr. Hagelin (Incl. 4 to my memorandum dated 1 November) I have not said anything more to him about this subject except, (1) that "the question" I had raised was still under study; (2) that NSA had managed to get control of the matter of 300 or more M-209's which were about to be sold by some surplus military stores firm in the U.S., and (3) that he need not worry about these M-209's any longer.

5. On 3 January 1958 Mr. Hagelin wrote me a letter, received on 7 January, a copy of which is attached hereto as Incl. 3.

6. A copy of my reply thereto, dated 10 January 1958, as Incl. 4. I wonder how much reliance Mr. Hagelin will feel warranted in placing upon my statement that "he need worry about these M-209's any longer." With regard to selling him 200-300 M-209's for use in a NATO country, the official record file of our dealings with Mr. Hagelin should be consulted. So I recall the matter a similar request from Mr. Hagelin, but for a largenumber of M-209's, was refused by direction of USCIB.

Appended Documents contain
code word material

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BORIS HAGELIN

Dear Bill:

Annie and I went to the Cote d'Azur on the 29th to spend a week on the Mediterranean Coast, mainly in order to get some rest for Annie after all the Xmas activities. We have had nice sunny days and are enjoying ourselves very much. We now hope the good weather will last at least until we return to Zug on the 6th.

I received here a couple of days ago a communication from Paris which I feel I should pass on to you. Some office in the U. S. Navy has offered 20 M-209's to the Argentines, provided the French liberated the necessary funds (in France!) for payment. - Of course this is no great shakes as a business proposition, but it tends to show how difficult the job of the NSA is to keep tabs on the M-209's.

By the way! Could we buy 2-300 M-209's from you (for use in a NATO country)? Please let me know, and if yes, at what price.

We trust all is well with Elizabeth and yourself, and with best wishes from us both,

Affectionately

/s/ BORIS