

CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

2003

11 May 1954

Goodbourne

MEMORANDUM FOR:

SUBJECT : Progress Report - PBSUCCESS for the Period 4-10 May 1954

I. Operational

The following events of operational significance occurred during the reporting period:

- Southern*
- A. *Red* has departed for Caracas, Venezuela, where he will attempt to defect Col. Carlos Enrique DIAZ, Chief of the Guatemalan Armed Forces. In connection with this operation, *Southern* departed for Caracas and will serve as case officer/cutout between *Reunited* and *Southern*] *Reunited* has tendered his resignation to this Agency. On 11 May in Washington to discuss events which led to his desire to sever connections with CIA.] *Reunited* will arrive
- C. The present critical political situation in Honduras could be very detrimental to the interests of PBSUCCESS. On 8 May it was reported from Nicaragua that President GALVEZ of Honduras was considering turning over the Honduran Government to Defense Minister PINEDA, reportedly in the pay of the Guatemalan Government. The possibility exists that GALVEZ is a captive of the Reds and no longer has freedom of choice.
- D. One black flight into Managua was accomplished during the reporting period in addition to one from Andrews Air Force Base to Miami carrying sensitive material. Ten black flights were completed without incident into] carrying category 1 and 2 material. However, on 8 May, because of the political situation in Honduras, Lincoln issued a directive suspending all black flights until further notice. Later information from Lincoln indicates that flights will be resumed on 11 May.
- E. A report from Tegucigalpa reflects that the Salvadoran Government has promised to issue warnings against Communist action to Salvadoran people in the area along the north coast of Honduras. With this in mind the Honduran Government has taken the opportunity to send word to President OSORIO of El Salvador that the Guatemalan Government is the root of all current trouble and deems that counteraction should be taken as soon as possible. Honduran Foreign Minister, Eduardo VALENZUELA, is ready to discuss the Guatemalan situation with OSORIO at the earliest time set by OSORIO and is now awaiting a reply from the latter.

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- F. The SS WULFBROOK, under West German registry, and destined for Puerto Barrios, Guatemala, is suspected of carrying contraband arms under false manifest from behind the iron curtain for the Guatemalan Government. Plans are being made to divert this shipment of arms.
- G. Plans are being made to send [] to Tegucigalpa under unofficial cover. While in Honduras, [] will give counter-sabotage assistance to the Honduran Air Force.
- H. A staff agent departed from Headquarters for [] on 7 May in an attempt to recruit as an informant an individual who is related by marriage to President ARBENZ of Guatemala.
- I. A report from Guatemala dated 5 May 1954, evaluated C-3, indicates that an unknown number of unidentified Guatemalan Army officers were arrested on 2 or 3 May in Campo de Marte. Details of this arrest have not yet been made available.
- J. SHERWOOD broadcasts to Guatemala were jammed on 4 May by a loud whistle apparently emanating from Radio Telefunken in Guatemala.
- K. As a result of a report from the Vanguardia Popular (VP, Costa Rican Communist Party) that a U.S. intelligence agent was working in Guatemala, Arthur G. VAIVADA (ps), contract agent, departed from Guatemala. His family at present is preparing to leave Guatemala for []
- L. In regard to the K Program, Graham L. PAGE made a preliminary approach to [] on 29 April and reported a "highly successful" meeting; another meeting was held on 5 May. After the second meeting, PAGE reported that apparently CALLIGERIS was no longer an impediment to [] participation in SYNCARP, and that [] is "unequivocally committed to co-operate". PAGE briefed [] on SYNCARP plans and the fact that SHERWOOD is SYNCARP-controlled. He added that [] learned less from him about SYNCARP than he did from present Guatemalan penetrations, and that [] if he were controlled by the Guatemalans, could not be sure that PAGE's information was not deception.
- M. In an effort to keep the hand of the U.S. Government from being disclosed in the PERSUCCESS operation, CALLIGERIS and/or his chosen representative will attempt to enlist the aid of President PEREZ Jimenez of Venezuela. In like manner, CALLIGERIS is also attempting to purchase arms from the Dominican Republic. These arms will be planted in Guatemala so as to be discovered, thus implicating the Dominican Republic in the plan to overthrow the Guatemalan Government.
- N. Operation WASHTUB appears to be highly successful to date, and has been given coverage in newspapers in Central America, the United States, and Europe.

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- O. The last polygraph tests administered in Nicaragua picked up a new enemy-controlled agent and confirmed all suspicions about Raul SIERRA. Lincoln has issued a strong directive to the effect that these two individuals must be cut off from all operations immediately.
- P. Manuel MORALES Orell died the night of 5 May 1954 in Tegucigalpa as the result of an accidental pistol discharge. A member of the CALLIGERIS staff, MORALES has been proclaimed the first hero of the liberation.
- Q. [(USA ret.) was debriefed on his Guatemalan acquaintances and departed from Washington on 3 May for his home in [California. From there he departed for Guatemala City on [May via Mexico City travelling under tourist cover and accompanied by his wife. In Guatemala [] will meet former acquaintances as old friends with the view of determining their current attitudes and loyalties and also to ascertain the general attitude of the Guatemalan Army.

[]

Att.: Weekly PP Report - PRSUCCESS (1 copy only w/orig.)

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