

CONFIDENTIAL

~~TOP SECRET~~
DST 12896

REF: 51

TO : Mr. James J. Rowley, Chief
U. S. Secret Service,
Treasury Department,
Washington, D. C.

FROM : John T. Macdonald,
Director, Intelligence Staff,
Bureau of Intelligence and Research.

SUBJECT: Counterfeit U. S. Currency: Fore

The enclosed copy of a memorandum, with attachments, from the Regional Security Officer at the American Embassy, Lima, dated April 29, 1965, is furnished for your information and whatever action you may wish to take.

Enclosures:

As stated (with 11 attachments to addressees; attachments 1, 10, and 11 to all others)

cc: The Honorable
J. Edgar Hoover, Director,
Federal Bureau of Investigation

The Deputy Director, Plans,
Central Intelligence Agency, attn: []

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CENTRAL INTELLIGENCE AGENCY
SOURCES METHODS EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2002 2008

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UNITED STATES GOVERNMENT

Memorandum

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JP

TO : Chief, Foreign Operations

DATE: April 29, 1965

FROM : Regional Security Officer - LIMA

SUBJECT: Cesar GUARTE, Jr.

*Subject was advised
by Commanding Officer
of Peru's Air Force
Police in Villa Rica
on 10/25/64
date of 00-5310*

*THE ACTIVITIES OF
THE ODESSA SOCIETY*

The Subject first approached me soon after my arrival at this post in 1962. He identified himself as a special assistant to the then Chief of the Guardia Civil National and further stated that he had dual citizenship, -Peruvian and American. He claimed to possess an American passport and, in fact, was a very active member of the American Legion Post in Lima, Peru. In describing his background to me he appeared to be the type individual that could very readily surpass the truth and, I am inclined to believe did so not only during this first interview but also on many subsequent occasions. Nevertheless, information he has furnished on a number of occasions did check out and was of use. Unfortunately, because of his somewhat overbearing nature, he has been able to disenchant a number of officers in this Embassy of which, the Army Attaché, Colonel John Benson, is one. Rather than cutting him off completely, the Reporting Officer has been able to keep his relationship with the Subject at arms length, so to speak, and yet friendly enough to continue to receive information from him.

At the present time, the Subject is no longer affiliated with the Guardia Civil - the Chief, General Quila, having been replaced, nevertheless, coming from a "good" family, he retains contacts with a number of functionaries including President Belaunde himself.

Several months ago, the Subject called the Reporting Officer and reported in greater detail than was discrete over the telephone of his personal investigations into the Nazi underground movement that is presently in operation throughout South America. He claimed the organization name to be ODESSA, founded by Martin Bormann in Buenos Aires, Argentina in 1947 is presently financed and headquartered in Cairo, Egypt. Of special interest to him was the alleged possession by this organization of counterfeit \$10, \$20, \$50 and \$100 plates. He claimed these plates were originally made for "Operation Bernhard" during World



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Bury U.S. Savings Bonds Regularly on the Payroll Savings Plan

DEPARTMENT OF STATE
MAY 7 1965
OFFICE OF SECURITY
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headed by Federico Schwend who presently resides in Peru. Furthermore, he insists that Schwend is still an active NAZI as are several others which he named.

Attached is a statement he dictated to the RSO secretary and attachments. These documents, a copy of which has been forwarded to [redacted], are forwarded to you for appropriate follow-up action if you deem it necessary. Treasury may be interested.

Incidentally, the Subject claimed to have been on the Los Angeles Police Force for a short period of time as well as having acted in Hollywood in one (or several) movies.

Attachments:

1. Statement of Cesar Ugarte, Jr.
2. Clipping "El Comercio" - Lima, Peru - April 12, 1965
3. Teletype news releases
4. Lima 13 (ANSA) News release
5. Aide Memoire - Press Conference
6. Letter from Dr. Teodoro Binder to Señor Dn. Marcelo Ongania, dated January 12, 1965
7. Letter from Mr. Roland Steinmetz to Señor Don José Antonio Encinas P., Director of "Expreso", undated.
8. Newspaper article "Correo" - Lima, Peru - January 16, 1965
9. Newspaper article "Correo" - Lima, Peru - January 17, 1965.
10. Typewritten copy of random notes
11. Typewritten copy of random notes

LRColombo:rvc

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STATEMENT OF CESAR UGARTE, JR.

From the time of my appointment as technical advisor for Public Relations to the Commanding General of the Guardia Civil y Policia of Peru in October 1961 - having been appointed by the then President of Peru, Manuel Prado - until my resignation on September 1, 1964, I received secret telephone calls from a confidential source with whom, to this writing, I have never had physical contact. My contact would get in touch with me by telephone whenever he would have any information of importance either for the Peruvian Government or the United States Government.

To the best of my knowledge, my source has never given me any false information, thus, I have no reason to doubt the information contained in this statement. I believe that he is either Venezuelan, Cuban or Panamanian because of his Spanish accent. By different tricks on my part I have come to know that he speaks fluent German, English and Italian. I strongly suspect that he is a member of the German Secret Organization called ODESSA which was established in 1947 in Buenos Aires by Hitler's former secretary Martin Bormann.

Since the Fall of Peron's Regime ODESSA has found refuge in Nasser's Government in Egypt and is reported to have a total of 3,087 NAZI members in this organization under the payroll of the Egyptian Government.

The first information I received that the ODESSA Organization was backing up the Communists with money was given to me at 7:03 PM on July 23, 1964. The information was the following: Counterfeit plates made for Operation Bernhard during World War II which was headed by Federico Schwend were at present in Sao Paulo, Brazil. These plates are in the denomination of \$10, \$20, \$50 and \$100. My informant's information was that some high former NAZI war criminal now under the payroll of the Egyptian Government was due in Peru some time near the end of the year 1964. This information proved correct when Johann von LEERS arrived in Peru on December 3, 1964 with an Egyptian passport using the name of Omar Amin von LEERS under the pretext of buying \$100,000 of queer bills. Von Leers had an interview with Federico Schwend at the United Arab Republic Embassy in Miraflores, Lima, Peru at 8 PM December 4, 1964. On

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December 9 von Leers left for Sao Paulo, Brazil and from there back to Cairo, Egypt. On January 28, 1965 my informant, during a pre-arranged telephone call, informed this writer that Lima was going to be flooded with queer US dollar bills sometime before July. This information was passed on to US Embassy officials on the same day it was received. Counterfeit bills did, in fact, appear in Lima. On April 6, at 7:22 PM I received a hurried telephone call from my informant quoting the following sentence: "Next port of entry Republic of France". I gathered from this that the Communists, with the help of the former German, von Leers, will introduce over a million dollars queer dollar bills in France. (NOTE: It is interesting to note that if this statement is true, it could play a part in the present French Government's policy of selling dollars for gold.)

The present head of ODESSA Organization in South America is Federico Schwend who entered Peru in 1947 with an Italian passport. At the present time this passport is in an Italian Embassy safe in Lima. Once Schwend was given a German passport by the German Embassy in Lima in 1948 he paid out the sum of \$4 million soles to certain Peruvian officials in power at the time.

(Lt. Colonel) Ben Salam, who in reality is (Sturmbann Fuehrer) Bernard Bender, former head of Special Service Commando in the Ukraine, is now head of Nassar's Political Department. The above named Subject is to make the necessary connections in France with the Communist Party to release US counterfeit monies. At present he is staying at the UAR Embassy.

Special courier, Otto Steft, Jr. of Austrian nationality, was formerly leader of the Hitler Youth Group and until 1961 was a purser for Canadian Pacific Airlines.

Richard Kohlweg is co-owner of Versailles, a combination dining and counter service located at Plaza San Martin, telephone number 82449, Lima, Peru. He is married to a Peruvian citizen who was formerly employed by the First National City Bank of New York, Lima, Peru. Her name is unknown to me at the present time. Kohlweg is suspected as being the Number 4 man in the ODESSA Organization in Peru whose duties are to help distribute counterfeit US bills.

The case of Dr. Teodoro Binder who is also a member of the CDESSA Organization and suspected as being its main contact in the Peruvian jungles was brought to light on Thursday, January 1, 1965 at a conference whereby Dr. Zuzunaga Flórez defended Dr. Binder. To my knowledge, Marcelo Ongania, at present Manager of ANSA, Italian news agency in Peru, is the only newspaper man who has made a full inquiry into the background of Dr. Binder. Attached herewith are teletype news releases from the above named news agency and also a copy of the speech made by Dr. Zuzunaga at the press conference. It is proven that Dr. Binder entered Peru with a false passport along with his wife. The following are the translated questions which Ongania asked at the press conference:

1. Where is the letter of presentation written by a Miss Meyer addressed to a Miss Maria Luisa Gildemeister?
2. Where does this Miss Meyer live now - what part of Germany?
3. Binder gave a talk on Vithache at the German Club and ended by giving a summary on German War criminals. At the press conference Binder claimed to have helped the United States Government capture three war criminals.
4. Which passport did he use when he came to Peru?
5. With which passport did his wife enter Peru?
6. Did he serve in the German Army?
7. Where did he stay in Brazil?
8. Why did he not medically operate?
9. Are you a friend of Hans Schaeffer? (Schaeffer at present lives behind the home of Federico Schwend at Kilometer 17 Central Highway in Santa Clara. Schaeffer's former address was Rue Roch, Paris, Gestapo Headquarters.)
10. Are you also a friend of Federico Schwend?

11. Who is Becker? (Becker for 9 months was Dr. Binder's personal guest at the former's hospital in Pucallpa, Peru.)
12. With what kind of documents did you live in Brazil?
13. What were your relationships with a Miss Colitia in a hospital in Hamburg. This woman claims that she knows you under the name of Ollendorfer.

According to Ongania's newspaper investigation, Dr. Binder was a member of the Hitler Youth Group, never studied to be a doctor and served in the German Army from 1941 to 1945 when said Subject escaped to Zurich, Switzerland,

Upon being given information that the next port of entry for the counterfeit US dollar bills will be the Republic of France, Lt. Col. Henry Dufour, French Military Attache, French Embassy, Lima, Peru left for the Island of Martinique to hold a conference with a high official of the French Military Intelligence. He left Lima, Peru on April 2, scheduled to arrive in Bogota, Colombia on April 9 and returning to Lima on April 13. Further information supplied by the undersign to Mr. Rode, Assistant to the French Attache in Lima is to be forwarded to Bogota, Colombia in time to be given to Colonel Dufour. This information will include: Approximate date of arrival in France of Lt. Colonel Ben Salam with Egyptian diplomatic passport. Salam is to make contact with the French Communist Party. It is reported that as yet, not confirmed, that he is to distribute with the help of the French Communist Party the sum of \$2 million counterfeit US dollar bills, denomination of \$10, \$20, \$50 and \$100 which includes US travelers checks.

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RANDON NOTES

ODESSA's latest planned escape was for HANS WALTER ZECH-
NENTWICH, Ex-Capt. SS. This man was up for trail for the
mass murder of 5,200 Polish Jews at PINSK. His escape to
Egypt from BRUNSWICK PRISON.

ODESSA - its initials are for Organization DER ENEMALIGEN
S. S. ANGEHÖRIGEN (organization of former members of the SS).

This Organization is also known as the "Spider's Web".

Head of ODESSA in Spain is former SS Colonel Otto "Scar-
face" SKORZENY of resc (?) Mussoline fame.

Of the 2,000 odd ex-members of Hitler's SS Gestapo & SD
members I list some of the most important on the wanted list
and also active members of ODESSA: at present in Lima is ^{OMAR}
ANIN VON LEERS who is Johann (or Johannes) von Leers - has
made contact with Federico Schwend for the buying of queer
dollar bills. The amount to be bought will be that of the equi-
valent of \$100,000 real monies. The price set is at 47 on the
dollar - the plates made for "Operation Berhardt" of \$10, \$20,
\$50 and \$100 are now in Sao Paulo, Brazil.

This queer monies are said to be sent to Cuba and then to
find its way to the US. The \$100,000 in this writing is being
given by the Egyptian Government.

One of ODESSA's main contact here is Baron Von Sothen at
present second to the German Ambassador in Peru. At present
he is now in Rio de Janeiro apparently on a month's vacation
with wife and children - it is known the Baron von Sothen is
still an ardent NAZI.

My informant has told this writer that the one man who
can give any clue of who has the plates now is Federico Schwend.
Schwend has been seen coming out of the United Arab Embassy
in Miraflores four times in the past six months - after von Leers
left ODESSA's office in Buenos Aires; (after the Fall of Peron)
Schwend has taken over as #1 as ODESSA's man in South America.
I have not been able to find out under what name von Leers is
traveling under. He is due to return to Europe and the Far East
via Brazil day after tomorrow. I have no reason what so ever
to doubt my source of information for it has been proven ~~XXX~~
true in the past. I know not who he is for he gets in touch
by phone at no given date only when he has vital information.
I have been promised, if at all possible a queer bill.

Real names of seven top ODESSA members: 1) Louis El Haj is Louis Heiden known German newspaperman. Former head of the Reich German News Agency. Has recently translated Hitler's MEIN KAMPF into Arabic - has sold over 1,000,000 copies; 2) Lt. Col. Ben Salam is Sturmbann Fuehrer Bernard Bender. Former head of Special Service Commando in the Ukraine. Wanted for war crimes. Is now head of Nassar's Political Department; 3) Omar Amin von Leers is Johann von Leers - is head of Nassar's Propaganda Department - is head of ODESSA in Cairo; 4) Lt. Col. Hamid Suleiman is S. S. Gruppenleiter Heinrich Sellman - former Chief of Gestapo in Ulm, Germany. Is now head of Egypt's Secret State Police Department. This Department is Nassar's equivalent of the NAZI S. S. ; 5) Lt. Col. Naim Iahim is S. S. Hauptstabsarzt Heinrich Willerman - is wanted for sterilization experiments on Jewish woman. He is now in charge of Samara Concentration camp in the Western Desert, 120 miles South of Cairo; 6) Col. Na'am al Nachar is S. S. Standarten Fuehrer Leopold Gleim. Was head of Gestapo in Poland. Is now head of the entire Secret Police in Egypt. Helped Nassar on his coup d'etat when he seized power; 7) Prof. Ben AMKAN is rocket scientist Wolfgang Pilz - is head of Nassar's secret Project 333 which makes atomic weapons.

Otto Joklik is former officer of the German Army now working for Shimbet (~~XXXXXX~~ Israel's Secret Service). Has given vital information of ODESSA's movements in South America.

ODESSA is responsible for the death of Eward Peters, Chancellor Ludwig Erhard's personal bodyguard. It is supposed that he hung himself instead of facing charges for war crimes.

Otto Steft Senior, was one of the officers that along with Fritz Knochlein murdered British soldiers of the Norfolk Regiment who surrendered at hamlet of de Paradis. This crime is known as the "Paradis Massacre". Knochlein was tried by British Military Court in 1948, was sentenced to death. But Steft escaped. He is now messenger for ODESSA in South America. Has plates for American dollars. At present is in Brazil due to leave for Paraguay on December 8, ~~1963~~ 1964. Is rumored he killed Shimbet agent few months ago on the Peruvian-Brazilian border. Has been ~~XXXX~~ seen with Dr. Josef Mengele. Last time officially seen was at Rio de la Plata on April 18, 1962 in the company of Federico Schwend and Josef Mengele.

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