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CI/LA
INCOMING

/38/

PRIORITY

FRP: ,2, , , , ,

STAFF

ACTION: LA/APUB-4 (556) INFO: NC/E00, ODPD-D, RF, FILE, LADORECORD,
QA/FILE, C/FR/RB, DC/FR/RB, FR/EXO, FR/PL-2, C/LA/RB, DC/LA/RB,
LA/CATF-10, LA/OPS, NE/ISR-4, CI/LA, CI/NC, DCNE/IO, EPO/FD, NC/HRO,
(34/W)

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S E C R E T 051500Z APR 85 STAFF

CITE NC/[] 21686

TO: PRIORITY NC/HEADQUARTERS, DIRECTOR INFO []

WNINTEL []

SUBJECT: MEETINGS IN WASHINGTON WITH []

REF: A. NC/[] 21504
B. NC/[] 21540

1. ACTION REQUESTED: SVDISH/HEADQUARTERS APPROVAL FOR C/O
[] TDY TO MIAMI, 21 AND 22 MAY, FOR JOINT
DEBRIEFING OF [] WITH [] COS DESIGNEE
[] . ALSO REQUEST APPROVAL TO REIMBURSE []
FOR ADDITIONAL EXPENSES INCURRED BY CHANGING HER PLANS TO
ACCOMMODATE THE MEETING ON 22 MAY. APPRECIATE A RESPONSE ASAP
SO THAT [] CAN MAKE PLANS ACCORDINGLY. DEBRIEFING WILL BE
IMMEDIATELY FOLLOWING [] VISIT TO PARAGUAY 29 APRIL THROUGH
20 MAY.

2. [] AND SVDISH [] REFERENT []
[] MET WITH [] AND AKULE OFFICERS MORNING OF 29 MARCH TO
DISCUSS [] VISIT TO WASHINGTON, HER UPCOMING TRIP TO
PARAGUAY, AND POSSIBLE FUTURE OPERATIONAL USE OF [] AKULE
REITERATED THEIR OPINION THAT [] WAS CURRENTLY ONE OF THEIR
BEST SOURCES ON PARAGUAYAN INTERNAL AFFAIRS AS WELL AS BEING AN
"ENCYCLOPEDIA" OF INFORMATION ON PARAGUAY AND PERSONALITIES
THERE OF INTEREST. AKULE STATED THEIR OBJECTIVES IN MEETING []
IN WASHINGTON WERE TO EXPRESS GRATITUDE FOR HER COOPERATION AND
THE IMPORTANCE OF THE INFORMATION SHE HAS BEEN PROVIDING,
INTRODUCE [] TO [] AND DISCUSS IN GENERAL TERMS THE
OPERATIONAL REALITIES FOR HIM IN ASUNCION, AND ASK [] IF SHE
WOULD BE WILLING TO MAKE REGULAR TRIPS TO PARAGUAY ON BEHALF OF
PNVALUE IN ORDER TO OBTAIN CURRENT OPERATIONAL AND POSITIVE
INTELLIGENCE INFORMATION. THE JOINT ROLE OF AKULE AND SVDISH
WAS DISCUSSED, AND IT WAS AGREED THAT SVDISH SHOULD CONTINUE TO
HANDLE ALL FI REPORTING FROM [] [] INDICATED HIS DESIRE
TO PERSONALLY DEBRIEF W/1 FOLLOWING ANY OF HER TRIPS TO PARAGUAY
AND IT WAS AGREED THAT SUCH DEBRIEFINGS SHOULD BE HANDLED
JOINTLY WITH SVDISH AND WOULD OCCUR WITHIN CONUS.

3. [] ARRIVED IN WASHINGTON EVENING OF 31 MARCH AND MET
WITH [] AND [] OVER DINNER. [] DESCRIBED FOR []
THE NATURE OF [HER] ACCESS IN ASUNCION THROUGH HER FAMILY
CONNECTIONS AND DISCUSSED IN GENERAL TERMS TOPICS AND
PERSONALITIES OF INTEREST AS HAVE BEEN PROVIDED IN PREVIOUS
TRAFFIC, PARTICULARLY REFS A AND B. FOLLOWING PARAGRAPHS WILL
DESCRIBE IN MORE DETAIL THE TOPICS RAISED WITH [] DURING HER .

Ops f
[] [] [] []
[] [] [] []

** See para*
16 17

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHODS EXEMPTION 3B2B
NAZI WAR CRIMES DISCLOSURE ACT
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MEETINGS WITH AKULE AND SVDISH ON 1 APRIL.

4. MEETINGS ON 1 APRIL WITH C J INCLUDED C J AND C J REPRESENTING SVDISH AND AKULE REPORTS OFFICER, BRANCH CHIEF, DESK OFFICER, AND C J THE MEETING BEGAN WITH AN EXPRESSION OF APPRECIATION FOR C J VALUABLE ASSISTANCE TO PVALUE AND THE FACT THAT SHE HAD PROVIDED PVALUE WITH UNIQUE ACCESS TO INFORMATION ABOUT PARAGUAY WHICH WAS OF GREAT INTEREST TO BOTH PVALUE AND OTHER NVBLAZON ENTITIES. THE ROLE OF AND INTERRELATIONSHIPS BETWEEN EACH OF THE OFFICERS AT THE MEETING WAS EXPLAINED TO C J THE REMAINDER OF THE MORNING THROUGH THE END OF THE DISCUSSIONS AT ABOUT 1400 HOURS COVERED A RANGE OF TOPICS. FOLLOWING ARE C J RESPONSES TO THESE ISSUES: HER CONTINUED OPERATIONAL USE AND POSSIBILITY OF MORE FREQUENT TRIPS TO PARAGUAY; POTENTIAL SUPPORT ASSETS FOR C J IN ASUNCION; THE SUCCESSION ISSUE; THE RELATIONSHIP BETWEEN PRESIDENT ((STROESSNER)) AND THE BRAZILIAN AND ARGENTINE GOVERNMENTS; THE POSSIBILITY THAT STROESSNER WOULD RESPOND TO AN NVBLAZON REQUEST FOR ASSISTANCE IN NICARAGUA; DRUG AND ARMS TRAFFICKING IN PARAGUAY; PUBLIC RESPONSE TO THE DRUG ISSUE AND THE SEARCH FOR MENGELE; OBSERVATIONS OF SEVERAL PERSONALITIES OF INTEREST IN PARAGUAY.

5. C J AGREED WITHOUT HESITATION TO MAKE MORE FREQUENT TRIPS TO PARAGUAY. SHE STATED THAT SHE WOULD BE WILLING TO TRAVEL WHENEVER PVALUE FELT IT WAS APPROPRIATE. SHE NOTED THAT SHE HAS BUSINESS INTERESTS IN PARAGUAY AND THAT IT WOULD NOT BE UNUSUAL FOR HER TO MAKE ADDITIONAL TRIPS. ALTHOUGH SHE HAS FULL-TIME TEACHING COMMITMENTS, SHE IS ABLE TO TRAVEL DURING THE SUMMER MONTHS. IN DECEMBER, AND DURING SPRING BREAKS AT THE UNIVERSITY. C J AGREED TO CHANGE HER SCHEDULE FOR HER RETURN FROM HER APRIL/MAY TRIP TO PARAGUAY SO THAT SHE WOULD HAVE A ONE-DAY LAYOVER IN MIAMI ON 21/22 MAY FOR DEBRIFINGS BY C J AND C J C J SAID THAT SHE WAS MOTIVATED TO ASSIST PVALUE BECAUSE SHE HAS A PERSONAL INTEREST IN SEEING THAT THE PARAGUAYAN INTERNAL AND EXTERNAL SITUATION IS WELL UNDERSTOOD BY NVBLAZON, AND ALSO BECAUSE SHE WELCOMES THE CHANCE TO REPAY NVBLAZON FOR GIVING HER THE OPPORTUNITY TO LIVE AND PROSPER HERE. SHE STATED THAT SHE HAD CONCERNS THAT SOME OF THE INFORMATION ON PARAGUAY WHICH WAS PASSING THROUGH THE EMBASSY WAS NOT FROM THE BEST SOURCES. SHE NOTED THAT HER FAMILY HAS ACCESS TO MANY GOOD SOURCES DUE TO THE FAMILY'S LACK OF POLITICAL AFFILIATIONS AND THE FACT THAT THEY WERE GENERALLY NOT IDENTIFIED WITH ANY PARTICULAR GROUP OR FACTION AND THEREFORE CONFIDED IN BY MANY FACTIONS.

6. C J STATED THAT DOMINGO ((LAINO)) WAS NOT A TRUSTWORTHY SOURCE OF INFORMATION. SHE CONSIDERS HIM TO BE A SUBJECTIVE SOURCE WHOSE INFORMATION IS TWISTED BY POLITICAL ANTAGONISMS. SHE DESCRIBED HIM AS "FLAKY" AND AN OBNOXIOUS AGITATOR WHO LIKES TO CREATE POLITICAL DISTURBANCES.

7. C J WAS QUERIED REGARDING POSSIBLE CANDIDATES WHO COULD PERFORM AS A PRINCIPAL AGENT FOR C J STATION. SHE WAS SPECIFICALLY ASKED WHETHER HER FATHER MIGHT BE WILLING AND ABLE TO FULFILL THAT ROLE. C J SAID THAT SHE DID NOT CONSIDER HER FATHER A GOOD CANDIDATE PRINCIPALLY BECAUSE OF HIS ADVANCING AGE AND THE FACT THAT HIS AGE COULD LEAD TO INADVERTENT INDISCRETIONS WITH REGARD TO HIS ROLE. C J STATED THAT HER PARAGUAYAN BROTHER RICARDO WOULD NOT BE A GOOD CANDIDATE

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BECAUSE HE IS VERY PRO-PARAGUAYAN AND WOULD PROBABLY BE UNWILLING TO WORK WITH PVALUE. [] THOUGHT THAT HER OTHER OTHER BROTHER, DONALD, A U.S. CITIZEN RESIDING IN ASUNCION, COULD BE USEFUL; BUT SHE FELT THAT SHE COULD GAIN MORE INFORMATION FROM HER BROTHER THAN COULD A PVALUE REPRESENTATIVE. [] SUGGESTED THAT THERE WERE PROBABLY SOME GOOD CANDIDATES AMONG THE AMERICAN BUSINESS COMMUNITY IN ASUNCION, AND SHE AGREED TO ATTEMPT TO SPOT ANY POTENTIAL CANDIDATES DURING HER UPCOMING VISIT. [] STATED THAT THE U.S. MILITARY MISSION IN ASUNCION SHOULD BE PARTICULARLY VALUABLE TO PVALUE SINCE U.S. MILITARY OFFICIALS OFTEN DEAL CLOSELY WITH THEIR PARAGUAYAN COUNTERPARTS AND ARE ABLE TO BUILD CLOSE RAPPORT AND GAIN ACCESS WHERE OTHER AMERICANS ARE UNABLE TO. SHE REITERATED HER OPINION THAT THE HONORARY PARAGUAYAN CONSUL IN MIAMI, RETIRED U.S. ARMY GENERAL ((CHEGIN)) WHO FORMERLY WAS CHIEF OF THE U.S. MILITARY MISSION IN ASUNCION, WOULD BE A GOOD SOURCE OF INFORMATION ON PARAGUAY AS HE HAS A CLOSE RELATIONSHIP WITH A NUMBER OF PARAGUAYAN MILITARY OFFICERS AND IS ABLE TO SEE PRESIDENT STROESSNER DURING VISITS TO ASUNCION. [] STATED THAT SHE HAD RECENTLY SPOKEN WITH CHEGIN AND THAT HE SAID HE WOULD LIKE TO TRAVEL TO PARAGUAY MORE OFTEN BUT THAT IT WAS TOO EXPENSIVE. CHEGIN WAS MOST RECENTLY IN PARAGUAY APPROXIMATELY SIX MONTHS AGO AND DID MEET WITH STROESSNER AT THAT TIME.

8. WITH REGARD TO THE SUCCESSION ISSUE, [] SAID SHE FEELS THE NEXT LEADER OF PARAGUAY WILL COME FROM AMONG THE YOUNGER MEMBERS OF THE COLORADO PARTY WHO ARE "CHOMPING AT THE BIT" TO TAKE OVER. SHE INDICATED THAT ELPIDIO ((ACEVEDO)) WAS ONE POSSIBILITY, BUT THAT SHE FELT LUIS ((ARGANA)) HAD THE GREATEST POTENTIAL. SHE DESCRIBED ARGANA AS A UNIQUE PHENOMENON IN PARAGUAY SINCE HE HAS BEEN ABLE TO TAKE ON A NUMBER OF "SACRED COWS" IN THE JUSTICE SYSTEM. SHE DESCRIBED HOW ARGANA HAS BEEN MAKING SURPRISE VISITS TO PARAGUAYAN JAILS TO CHECK ON THE PRISONERS WHO FREQUENTLY TURNED OUT NOT TO BE IN THEIR CELLS AS THEY SHOULD BE. ARGANA HAS BEEN CRACKING DOWN AND ORDERING THAT ALL PRISONERS BE KEPT IN THEIR CELLS AND NOT ALLOWED OUT BY CORRUPT PRISON OFFICIALS. ARGANA HAS OBTAINED THE BLESSING OF STROESSNER WHO ADMIRES AND PROTECTS HIM. ARGANA IS ALSO POPULAR WITH THE ARMY AND HAS OBTAINED THE BACKING OF GENERAL ((JOHANNSEN)). [] BELIEVES THAT THIS IS BECAUSE OF THE RELATIVE AWE THAT THE POPULATION HAS FOR ARGANA AND THE FACT THAT HE IS A VERY CHARISMATIC INDIVIDUAL. [] REITERATED HER PREVIOUSLY REPORTED ASSESSMENTS OF ARGANA AND JOHANNSEN.

9. [] WAS ASKED ABOUT THE POSSIBILITY OF THE EXILE COMMUNITY PLAYING A ROLE IN THE SUCCESSION. SHE STATED THAT SHE DOES NOT BELIEVE THE EXILE GROUPS ARE UNITED ENOUGH TO PROVIDE ANY REAL OPPOSITION TO THE GOVERNMENT. SHE FEELS THAT MOST OF THE EXILES ARE TOO OLD AND HAVE BEEN OUT OF PARAGUAY TOO LONG TO BE ABLE TO RETURN TO PARAGUAY AND PLAY ANY ROLE IN THE SUCCESSION. SHE REITERATED HER OPINION THAT THE OLDER POLITICIANS IN PARAGUAY WOULD ALSO HAVE LITTLE ROLE IN THE SUCCESSION.

10. [] WAS ASKED ABOUT THE INFLUENCE THAT EVENTS IN ARGENTINA AND BRAZIL MIGHT HAVE ON PARAGUAY AND SPECIFICALLY ON PRESIDENT STROESSNER. SHE SAID THAT WHATEVER TAKES PLACE IN ARGENTINA AND BRAZIL, PARAGUAY WILL SOON FOLLOW BECAUSE PARAGUAY CAN NOT STAND THE "SQUEEZE" FROM THE TWO COUNTRIES FOR TOO LONG. SHE SAID THAT PARAGUAYANS WERE KEEPING A CLOSE WATCH ON

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THE RESULTS OF ARGENTINA'S INVESTIGATION INTO CORRUPTION OF THE MILITARY AND TO WHAT EXTENT PRESIDENT RAUL ((ALFONSIN)) IS ABLE TO PREVAIL. SHE CONSIDERS IT TO BE A TRUE TEST FOR ALFONSIN'S REAL CONTROL IN ARGENTINA AND THEREBY A TEST FOR THE FUTURE OF THE MILITARY IN PARAGUAY. SHE FEELS THAT IF ALFONSIN WINS IT WILL BE A CLEAR SIGN THAT THE MILITARY CAN BE CONTROLLED AND IT WOULD PROBABLY PROMPT THE NEXT GOVERNMENT IN PARAGUAY TO TAKE STEPS TO BRING THE MILITARY UNDER CONTROL. C J WAS EMPHATIC IN STATING THAT STROESSNER WOULD TAKE NO SUCH STEPS REGARDLESS OF THE OUTCOME. SHE POINTED OUT THAT STROESSNER IS AWARE THAT MILITARY DICTATORSHIPS ARE ON THE WAY OUT IN SOUTH AMERICA; BUT SINCE HE CONSIDERS PARAGUAY TO HAVE A DEMOCRATIC GOVERNMENT, HE WILL CONTINUE TO WELCOME THE SPREAD OF DEMOCRACY IN THE AREA, SPECIFICALLY TO ARGENTINA AND BRAZIL.

11. C J DESCRIBED STROESSNER AS BEING IN TOTAL CONTROL AND COMMAND OF EVENTS IN PARAGUAY. SHE FEELS THAT HE HAS THE ANSWER TO MOST, IF NOT ALL, OF THE PARAGUAYAN ISSUES OF CURRENT INTEREST TO NVBLAZON, E.G. DRUG TRAFFICKING AND JOSEF ((MENGELE)). C J STATED THAT STROESSNER IS EXTREMELY LOYAL AND PROTECTIVE OF THE PEOPLE AROUND HIM WHO HAVE HELPED HIM IN THE PAST. SHE SAID THAT HE IS NOT UNREALISTIC ABOUT RELATIONSHIPS AND HAS ALWAYS HAD SOME CONFLICT WITH THOSE WHO DISAGREED WITH HIM. HE HAS A PROPHETICAL MYSTIQUE ABOUT HIM IN THAT HE BELIEVES HE HAS ALWAYS BEEN PROVEN RIGHT IN ANY DISAGREEMENT. OTHERS IN GOVERNMENT IN PARAGUAY HAVE A RESPECT FOR HIS HISTORICAL PERSPECTIVE AND C J POINTS OUT THAT STROESSNER STOOD FIRM IN HIS STANCE WITH ARGENTINA ON THE HYDROELECTRIC PROJECT DESPITE THE ADVICE OF THOSE AROUND HIM. ARGENTINA FINALLY GAVE IN TO STROESSNER'S DEMANDS WHICH HE FELT VINDICATED HIS POSITION. HE FEELS THAT HE WILL BE VINDICATED BY HISTORY AND RECOGNIZED AS BEING RIGHT WITH REGARD TO HIS LEADERSHIP IN PARAGUAY.

12. C J HAD NO ANSWER AS TO WHY STROESSNER SEEMS TO ALLOW THE DRUG BUSINESS IN PARAGUAY TO CONTINUE DESPITE HIS APPARENT CONVICTIONS THAT IT IS IMMORAL. SHE NOTED THAT STROESSNER TOOK LITTLE ACTION WHEN HIS DAUGHTER GRACIELLA WAS BEING BEATEN BY HER FORMER HUSBAND MARIO ((ABBDO-BENNETEZ)), ALTHOUGH GUSTAVO ((STROESSNER)) WAS RESPONSIBLE FOR THE ARREST AND CONFINEMENT OF BENNETEZ FOR SOME SIX MONTHS FOLLOWING THE BEATINGS.

13. REGARDING THE POSSIBILITY THAT STROESSNER MAY ALLOW MILITARY OFFICIALS FROM ARGENTINA OR OTHER SOUTH AMERICAN COUNTRIES TO SEEK SANCTUARY IN PARAGUAY TO AVOID PROSECUTION FOR HUMAN RIGHTS ABUSES C J POINTED OUT THAT THERE IS A PRECEDENT FOR SUCH ACTION WITH REGARD TO BOTH PERON AND SOMOZA. SHE ALSO NOTED THAT THERE WERE RUMORS AT THE TIME OF SOMOZA'S ASSASSINATION THAT STROESSNER HAD ACTUALLY BEEN RESPONSIBLE. STROESSNER ALLEGEDLY CONSIDERED SOMOZA AN EMBARRASSMENT SINCE SOMOZA HAD FLED TO PARAGUAY WITH PROMISES OF BRINGING LARGE AMOUNTS OF CAPITAL TO PARAGUAY FROM NICARAGUA. ALSO, STROESSNER BECAME QUITE ANGRY AT SOMOZA'S SON AFTER HE PUBLICLY INSULTED GRACIELLA AT A NIGHTCLUB IN ASUNCION, AND STROESSNER HAD HIM EXPELLED THE FOLLOWING DAY.

14. C J HAD NO EXPLANATION FOR WHY STROESSNER WOULD CONTINUE TO ALLOW VOCAL FACTIONALISM WITHIN THE COLORADO PARTY. SHE BELIEVES THAT STROESSNER RECOGNIZES THAT HE DOES NOT HAVE TOTAL CONTROL OF THE BICKERING WHICH IS A RESULT OF A GENERAL STATE OF RESTLESSNESS WITHIN THE PARTY.

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15. [] STATED THAT STROESSNER WOULD PROBABLY CONSIDER A REQUEST BY NVBLAZON TO INTERVENE IN NICARAGUA. [] NOTED THAT THERE IS PRECEDENT FOR PARAGUAYAN INTERVENTION IN CENTRAL AMERICA AND THAT PARAGUAY WAS CONSIDERING SENDING TROOPS INTO EL SALVADOR ON BEHALF OF NVBLAZON BUT BACKED AWAY FROM THE MOVE WHEN NVBLAZON SIDED WITH BRITAIN IN THE DISPUTE WITH ARGENTINA OVER THE MALVINAS/FALKLAND ISLANDS. [] DESCRIBED STROESSNER AND PARAGUAYANS IN GENERAL AS CONCERNED ABOUT PARAGUAY. NVBLAZON IS PERCEIVED AS HAVING A MORAL OBLIGATION TO INTERVENE, BUT NVBLAZON MUST TAKE THE INITIATIVE IN REQUESTING SUPPORT FROM PARAGUAY. [] BELIEVES STROESSNER WOULD RESPOND POSITIVELY TO A REQUEST FOR ASSISTANCE BECAUSE IT WOULD DIVERT ATTENTION AWAY FROM HIM AS THE "BAD BOY" IN SOUTH AMERICAN POLITICS AND GIVE HIM A CHANCE TO HAVE A PLACE IN HISTORY AS HAVING SOLVED THE CENTRAL AMERICAN PROBLEM. [] SUGGESTED THAT THE IDEA OF PARAGUAY INTERVENING IN NICARAGUA COULD BE PLANTED IN A PARAGUAYAN NEWSPAPER, PERHAPS THROUGH A SYMPATHETIC EDITOR, IF IT WERE APPROACHED IN TERMS OF STROESSNER BEING AN AVOWED ANTI-COMMUNIST WITH A CHANCE OF BECOMING A HERO IN LATIN AMERICA.

16. [] FEELS THAT A SIMILAR APPROACH COULD WORK WITH REGARD TO THE DRUG PROBLEM IN PARAGUAY, BUT NOT WITH REGARD TO THE QUESTION OF THE WHEREABOUTS OF MENGELE. AS FAR AS DRUG TRAFFICKING IS CONCERNED, [] POINTS TO GENERAL ANDRES ((RODRIGUEZ)) AS THE MOST LIKELY PERPETRATOR. SHE BELIEVES THAT IF NVBLAZON COULD AMASS HARD EVIDENCE AGAINST RODRIGUEZ AND THEN PLACE IT IN THE PUBLIC SPOTLIGHT, THE PUBLIC AND POSSIBLY STROESSNER WOULD WELCOME IT. SHE NOTES THAT STROESSNER'S PROBLEM IN HANDLING THE DRUG SITUATION IS HIS CONTINUING SUPPORT FOR AND FROM THE MILITARY. HOWEVER, IF RODRIGUEZ COULD BE SHOWN TO BE INVOLVED IN THE DRUG TRAFFICKING, IT COULD ERODE RODRIGUEZ'S STRONG SUPPORT BY THE MILITARY AND POSSIBLY GIVE STROESSNER A MECHANISM TO REMOVE RODRIGUEZ AND TAKE CARE OF THE DRUG PROBLEM. [] NOTES THAT RODRIGUEZ'S STRENGTH IS DERIVED FROM HIS CHOICE MILITARY COMMAND, HIS CLOSE PERSONAL AND FAMILY RELATIONSHIP WITH STROESSNER, AND HIS OWN RUTHLESSNESS. SHE REITERATED PERSONALITY INFORMATION ABOUT RODRIGUEZ WHICH HAS BEEN PROVIDED IN PREVIOUS TRAFFIC. SHE NOTED THAT RODRIGUEZ IS WELL KNOWN TO HAVE BEEN INVOLVED IN HORSE THEFT ALTHOUGH NO ONE IN PARAGUAY HAS BEEN ABLE TO DO ANYTHING ABOUT IT. SHE ALSO NOTED A RECENT RUMOR THAT LAST SUMMER AN UNIDENTIFIED PARAGUAYAN GENERAL ACCOMPANIED DRUG TRAFFICKERS TO EUROPE WHERE THEY VISITED THE LOCATION FROM WHICH THE CONTROVERSIAL DRUG PROCESSING CHEMICALS WERE ALLEGEDLY SHIPPED. [] POINTED OUT THAT RODRIGUEZ HAS TWO RANCHES, ONE NEAR ASUNCION AND ANOTHER IN A REMOTE REGION OF THE CHACO AREA. SHE DOES NOT BELIEVE THAT THE CHACO RANCH HAS ANY UTILITY FOR RAISING CATTLE OR OTHER COMMERCIAL ENTERPRISE BUT IS PROBABLY USED BY RODRIGUEZ FOR DRUG/CONTRABAND TRAFFIC.

17. [] DOES NOT FEEL THAT THE PARAGUAYAN PUBLIC WILL HAVE THE SAME REACTION TO THE CURRENT SEARCH FOR MENGELE. MENGELE HAS USED PARAGUAY ONLY AS A HAVEN, AND HE HAS HAD NO IMPACT ON INTERNAL AFFAIRS IN PARAGUAY AND HAS NOT BEEN CONSIDERED A THREAT BY THE PUBLIC. SHE BELIEVES THAT THE MENGELE PUZZLE WILL BE DIFFICULT TO SOLVE SINCE IT HAS BECOME A "POLITICAL FOOTBALL" CAUSING MANY POTENTIAL SOURCES OF INFORMATION TO DRY UP. SHE POINTED OUT THAT THE RECENT NEW YORK TIMES ARTICLE ON PARAGUAY DID LITTLE TO HELP NVBLAZON/PARAGUAYAN RELATIONS AND WILL WORK AGAINST NVBLAZON EFFORTS TO ASCERTAIN THE WHEREABOUTS OF

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MENGELE. SHE NOTED THAT STROESSNER FEELS THAT NVBLAZON SHIFTS ITS ALLIANCES TOO EASILY AND THAT HE CANNOT UNDERSTAND WHY NVBLAZON POLICY SHIFTS WITH EVERY CHANGE IN THE POLITICAL PARTY IN POWER. SHE DESCRIBED STROESSNER AS GENUINELY PUZZLED IN THIS REGARD, ALTHOUGH SHE NOTED THAT THE CURRENT NVBLAZON ADMINISTRATION IS WELL THOUGHT OF AMONG THE PARAGUAYAN PUBLIC.

18. C 2 WAS ASKED ABOUT THE POSSIBILITY THAT MONEY GENERATED BY NARCOTICS TRAFFICKING WAS BEING LAUNDERED IN PARAGUAY. SHE HAD NO SPECIFIC INFORMATION BUT NOTED THAT THREE EXCHANGE HOUSES IN PARAGUAY WERE THRIVING: CAMBIOS MENNOTOUR, CAMBIOS IGUASU, AND CAMBIOS GUAXANI. SHE SAID THAT GENERAL BENITO ((GUANES)) EXCHANGES MONEY THROUGH HER BROTHER RICARDO AND THAT THE GENERALS ARE MAKING MONEY BY PURCHASING DOLLARS AT THE OFFICIAL RATE AND SELLING THEM AT THE EXCHANGE HOUSES FOR THE TRADING RATE.

19. ON THE QUESTION OF ILLEGAL ARMS SHIPMENTS OR OTHER CONTRABAND TRANSITING THROUGH PARAGUAY, C 2 POINTED OUT THAT PARAGUAY HAS ACCESS TO THE PORT OF PARAGUANA IN BRAZIL WHICH IS A FREE PORT FOR PARAGUAYAN GOODS. IF ARMS OR OTHER CONTRABAND WERE SHIPPED TO PARAGUAY THROUGH THE PORT THEY COULD THEN GO OVERLAND TO PORTO STROESSNER WITHOUT BEING SEARCHED. SHE ALSO SPECULATED THAT ARMS COULD GO OVERLAND FROM BRAZIL TO PARAGUAY AND THEN TO THE PORT WHERE THEY WOULD BE RELABELLED FOR SHIPMENT TO THE MID-EAST WITHOUT INVESTIGATION. SHE REITERATED PREVIOUSLY PROVIDED INFORMATION CONCERNING THE POSSIBLE USE OF THE PARAGUAYAN NATIONAL AIRLINES TO SHIP ARMS BETWEEN WEST GERMANY AND ISRAEL.

20. C 2 PROVIDED COMMENTS ON A NUMBER OF PERSONALITIES. SHE DESCRIBED MINISTER OF INDUSTRY AND COMMERCE DUARTE ((CENTURION)) AS THE MOST CORRUPT MAN IN PARAGUAYAN GOVERNMENT. CENTURION, WHO IS POPULARLY REFERRED TO AS "EL TIBURON" (THE SHARK), HAS SAID IN THE PAST THAT HIS DAY WAS NOT WORTHWHILE UNLESS HE MADE ONE MILLION GUARANIES THAT DAY. CENTURION USES HIS PRIVATE SECRETARY ((CABALLERO)) AS HIS DEBT COLLECTOR. STROESSNER HAS GREAT RESPECT FOR CENTURION AND CENTURION ENJOYS ACCESS TO THE PRESIDENT.

21. C 2 DESCRIBED FORMER MINISTER OF THE INTERIOR ((ENSFRAN)) AS A "HAS BEEN" WHO ENJOYS NO SUPPORT WITHIN THE GOVERNMENT. HE WAS REMOVED FROM HIS JOB BY STROESSNER AND IS CONSIDERED TO BE A PARIAS BY THE COLORADO PARTY. HE HAD A REPUTATION FOR BEING INVOLVED IN QUESTIONABLE ACTIVITIES WHILE IN OFFICE. HE DOES CONTINUE TO MAKE HIS PRESENCE KNOWN IN ASUNCION BUT C 2 BELIEVES THAT HIS TIME HAS PASSED. SHE NOTED ALSO THAT TRADITIONALLY THE MINISTER OF THE INTERIOR HAS BEEN USED AS A SCAPEGOAT FOR PROBLEMS IN PARAGUAY AND ALTHOUGH THE REST OF THE CABINET HAS BEEN VERY STABLE, THERE HAVE BEEN NUMEROUS INTERIOR MINISTERS IN THE PAST.

22. C 2 DESCRIBED FORMER PARAGUAYAN AMBASSADOR TO THE U.S. ((MARIO-LOPEZ)) AS THE ONLY WELL EDUCATED AMBASSADOR PARAGUAY HAS HAD. HE IS NOW A NATIONAL LEGISLATOR IN PARAGUAY AND HAS BEEN CRITICAL OF THE GOVERNMENT. C 2 DOES NOT BELIEVE THAT HE IS A CORRUPT POLITICIAN AND POINTS OUT THAT HE LEFT THE AMBASSADORSHIP BECAUSE HE WAS BEARING TOO MUCH OF THE FINANCIAL COSTS HIMSELF. C 2 BELIEVES THAT HE ATTENDS THE ASUNCION YACHT CLUB WHERE, AS PREVIOUSLY REPORTED, MANY OF THE PARAGUAYAN GENERALS AND POLITICAL PERSONALITIES INCLUDING

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STROESSNER REGULARLY ATTEND. SHE NOTED THAT A CLUB MEMBERSHIP COSTS BETWEEN US\$7,000 AND US\$10,000 ALTHOUGH THERE ARE NO NEW MEMBERSHIPS AVAILABLE EXCEPT FOR INDIVIDUALS WHO PURCHASE LOTS IN THE NEW DEVELOPMENT AROUND THE CLUB. THERE ARE CURRENTLY SEVERAL THOUSAND MEMBERS OF THE YACHT CLUB.

23. [] SAID THAT JOSE "PEPE" ((SUBECERETA)) IS A PARTNER WITH HER BROTHER RICARDO IN THE YACHT CLUB. SUBECERETA IS A MEMBER OF THE COLORADO PARTY ALTHOUGH HE COMES FROM A LONG FAMILY TRADITION OF LIBERALES PARTY MEMBERS. SUBECERETA IS A RESPECTED INDIVIDUAL AND WELL LIKED BY STROESSNER.

24. [] WILL REMAIN ALERT TO THESE AND OTHER PREVIOUSLY DISCUSSED TOPICS DURING HER UPCOMING TRIP TO PARAGUAY. WE WELCOME ANY ADDITIONAL COMMENTS ON THE MEETING WITH [] FROM ANY OF THE PARTICIPANTS. PLEASE CONTINUE TO PROVIDE CURRENT REQUIREMENTS WHICH CAN BE USED FOR BRIEFING [] PRIOR TO HER TRIP. APPRECIATE YOUR CONTINUING FEEDBACK ON THIS CASE AND LOOK FORWARD TO FUTURE SUCCESS IN WORKING WITH AKULE AND []

25. FILE: 7BC-806-012/02, NC []
[] DECL OADR DRV HUM 4-82.

END OF MESSAGE

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