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MANUEL FUEGO
MITCHELL LIVINGSTON WERBELL

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OPENING CRITERIA : INDEFINITE, APPROVAL OF CIA

COMMENTS : MEMO

SECRET

[It is pointed out that CIA in both Managua, Nicaragua, and Guatemala City, Guatemala, is investigating this matter] and [the U.S. Army ~~(S)~~(U) Attache, Guatemala City, has also done some investigation through his close contact with Lt. Colonel JOSE LUIS AGUILAR DE LEON, who is the confidential source abroad mentioned in the accompanying report.] ~~(S)~~(U) 2nd set of brackets DECLASS PER Army

(S) [redacted] head of the CIA Station, ON 2-26-98
 [redacted] Managua, Nicaragua, advised on 9-5-62 that NOEL PALLAIS, [redacted] runs the financial enterprises of General ANASTASIO SOMOZA of Nicaragua. [redacted] stated that PALLAIS [redacted]

(S) [redacted] He was made available for contact by [redacted] and was subsequently interviewed [redacted] in Managua. [redacted] stated he personally has encouraged General SOMOZA not to have anything to do with WERBELL, SMITH and associates. He stated he feels the offer to sell arms and ammunition and provide mercenaries which was made to the Guatemalan Government was only of secondary interest. ~~(S)~~

(S) [redacted] of the CIA Station, Guatemala City, advised on September 10, 1962, that it was ascertained that the woman who accompanied WERBELL to Managua is LUCY LUCHIEN, who owns the Duplex Building in Guatemala City. She returned to Guatemala City on September 1, 2 or 3, 1962. ~~(S)~~

(S) [redacted] advised that when ARTHUR L. SMITH left Guatemala City on September 3, 1962, he left as a forwarding address 1025 Connecticut Avenue, Suite 405, Washington, D.C. According to [redacted] WERBELL told the manager of the Maya Excelsior Hotel that he had the clearance of CIA. ~~(S)~~

(S) [redacted] stated that MIGUELITO YDIGORAS, son of the President of Guatemala, advised that neither WERBELL nor SMITH had made personal contact with him. At the request of MIGUELITO YDIGORAS, the Judicial ~~(S)~~

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Police put a surveillance on WERBELL and SMITH, which apparently was rather obvious. The police also monitored their telephone conversations. Subsequently, [] advised CIA that SMITH had made one telephone call to MARIO GARCIA KOHLY in Washington, D.C., and another to a man by the name of DIGGS or BRIGGS in Washington, D.C. He also made a telephone call to Handy of Jones and Handy, Marine Architects, Miami, Florida. SMITH received a telephone call which was reported as having been from ARNOLD in Washington but (S) [] stated that CIA believes it was from FRANK AUSTIN, who he said is connected with MARIO GARCIA KOHLY in Washington. (X)

WERBELL tried to make telephonic contact with FRANK MARSHALL, Minister of Public Security of Costa Rica. (X)(u)

In telephone calls made just prior to 8-20-62 mention was made of meeting someone referred to only as "the general" at the Hotel El Salvador, San Salvador, El Salvador. According to [] CIA does not believe the meeting took place in San Salvador as planned.

(S) [] had previously mentioned on 8-13-62 that when WERBELL and SMITH first contacted MIGUELITO YDIGORAS during early August, 1962, they stated they were waiting for PINEIRO and seemed to think PINEIRO was someone YDIGORAS would know. They stated they would contact him as soon as PINEIRO arrived. [] advised on 9-10-62 that it had been ascertained that Colonel JOSE PINEIRO PAEZ was apparently the one they were expecting. (X)

(S) [] stated that the telephone conversation between SMITH, WERBELL and the individuals they were talking to were apparently rather cryptic and [] obtained little more than the identities of the individuals making the calls. (X)

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SOURCES

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[REDACTED]

T-1 is ~~NOEL~~ PALLAIS, first cousin of President LUIS SOMOZA, and General ANASTASIO SOMOZA of Nicaragua, who handles financial enterprises of General SOMOZA. Located in instant report. Source concealed as [REDACTED] Managua, Nicaragua. ~~(S)~~

CLASSIFICATION

Enclosed report is classified "Confidential" (S)
Was it contains information from [REDACTED] of [REDACTED] and from an individual who has close connections with a second [REDACTED] Both (S) requested the information be regarded as confidential.

STATUS

While this case and also the case on MANUEL FUEGO, RA - Central America, are being placed in an RUC status, they will be reopened if any pertinent information is received.

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