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16-7

From: [Panama City, Panama] Report No: [23] Local File No:

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TAM-415 indicated that the Headquarters of the Caribbean Legion were being transferred to Panama where it could count on the aid of the AMIAS government, and that Julio LOPEZ Masegosa, native in the Caribbean Legion, would remain in Mexico dedicating himself to the purchase of gold and its clandestine exportation to Guatemala and Panama.

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TAM-439 requested confirmation of the above information.

It is possible that the attached report may tend to confirm part of this information.

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Classification

FORM NO. 87-00  
FEB 1950

100-4-28-111

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Subject: Gold Shipments

Report No: [TZ] 764

Date of Information: May-July 1950

Place Acquired: [16-7 Panama City, Panama]

Date Acquired: June-July 1950

Evaluation: B-C

Date of Report: 10 July 1950

Source:

1. G-2 reported that on 7 May 1950 a B-26 type bomber arrived in David, Panama, from Brownsville, Texas, due to a low gasoline supply. The plane was headed for Tocumen Airport in Panama City, and carried as a crew the following, according to G-2:

- Frank O'GEL, U.S. Citizen, Pilot
- O. MARTINEZ, U.S. Citizen, Co-Pilot
- Steve MURRAY, U.S. Citizen, Mechanic
- Mauricio CASTRO, Panamanian, Passenger

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(A tire blew out at David, and [redacted] Civil Aeronautics technician at Tocumen Airport was instrumental in getting a spare tire to them,

2. [redacted] advised this office that he had met Steve MURRAY in Havana in April 1950 in company with a fellow named ZORILLO, who claimed to have some connection with the Secret Police in Mexico. [redacted] described MURRAY as an adventurer who had been in the Philippines and the Far East and whom he suspected of gold smuggling activities. [redacted] said that MURRAY was pilot of the plane and he thought it was unusual that so fast a plane as this and as expensive to operate was being used when it had comparatively little cargo space. In May 1950, when MURRAY was in Panama, he told [redacted] that he was buying orchid bulbs.

3. On 16 June 1950 the following information was received from Civil Intelligence Section, Panama Canal, regarding this matter:

"It has been reported that very frequently a B-26 airplane (N5546N - a Martin Marauder) makes trips between Tocumen and David, R.P. It is piloted by Steve MURRAY, and at least two other Americans ride on the plane, which is sometimes met at Tocumen Airport by either Tito, Harmodito or Toni ARIAS. On landing at the airport it goes directly to a hangar, and allegedly the only ones who visit it are the ARIAS brothers, PASTOR Ponce, Chief of the airport, and one (fnu) LINARES, Chief of Customs at Tocumen.

Informant stated that it was believed at first that the plane was engaged in arms contraband, but later it appeared more logical to assume that it was involved in another type of smuggling, possibly drugs.

Virgilio RAMIREZ, then Chief of the Control Tower, is said to have stated that the plane comes and goes without being registered at the airport under orders of POME, Airport Manager; that the plane lands without signaling

Jan 7 1950

Handwritten initials/signature

by radio or talking to anyone for fear of detection at Altrock Field, but that it is signaled by means of a light which indicates that the field is free for landing. According to informants, RAMIREZ and one Jimmy SMITH told above that Panama's air agreement with the United States regarding landing rules was thereby being violated, and that these two men were afterwards removed from their jobs.

\*Informant adds that the above plane landed at Tocumen from David on 11 May at 5:45 p.m., on 12 May at 6:51 p.m., on 14 May at 6:29 p.m. and on 16 May at 9:26 a.m.

The above information was allegedly given to President ARIAS by the Minister of Government and Justice, and he apparently showed little interest in the subject, merely stating that the matter should be investigated to see what there is to it.

Upon receipt of this information it appeared that Virgilio RAMIREZ might have been the source, since he was fired from his post at Tocumen Airport and was dismissed about it. It was ascertained that the information contained in the above paragraph, in which RAMIREZ is mentioned, was reported by RAMIREZ but the other information came from other Civil Intelligence sources.

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4. On 6 July [redacted] advised that the above plane and Steve MURRAY had returned to Panama and that the Minister of Government had ordered that the plane be dismantled and searched, but he could not ascertain the basis for the search. [redacted] had talked to the Manager of the Airport, Rafael PASTOR Ponce, and with Toni ARIAS, Director General of Civil Aeronautics, and a nephew of President Arias, who indicated that they were aware of the Minister of Government's order but did not know what was behind it. Both felt that it was an extreme measure, which should not be carried out.

5. On 8 July 1950 Mr. MURRAY called at the Embassy to obtain assistance in securing the release of his plane. Briefly he stated that he had departed from Mexico City via Managua and arrived at Tocumen at 7:30 p.m. 5 July. His passport reflected the following:

Name: Steven T. Murray  
Passport No.: 1624  
Issued: Manila, December 2, 1946  
Renewed: Manila, December 27, 1948  
Expires: December 1, 1950

(5)

He furnished the following additional information:

Type of Plane: Converted B-26  
U.S. Registry: N 5546 N  
Pilot and Owner: Steven T. Murray  
Co-pilot: Frank Gergel, U.S. citizen  
Flight Engineers: Cristobal Martinez, Mexican citizen  
Passenger: Mauricio DE CASTRO, Panamanian citizen (bearer of official passport), passenger from Mexico City to Tocumen  
Destination: Brownsville, Texas  
Purpose of Trip: Business

*Handwritten mark:* 2/9/50

*Consequently*

He stated that he was in the export-import business and that he dealt in gold. He said that he had come to Panama to see a man by the name of SAS, a gold dealer from Buenos Aires, about gold shipments.

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6. On 8 July, Minister of Government Alfredo ARRIAS reported the matter to the U.S. Ambassador stating that prior to arriving in Panama the plane had been signaled, that all was not well at the airport and that the crew had jettisoned cargo prior to arrival. (A check with the Air Force authorities does not confirm that any such message was sent and MURRAY denies that any thing was jettisoned. He insisted that he was coming to Panama to discuss the gold business but that he had no cargo.) The Minister also advised the Ambassador that PASTOR Ponce had been fired as Head of the airport.

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7. In a conversation with PASTOR Ponce and MURRAY on the night of 8 July was advised that PASTOR Ponce had, in fact, been fired and that he was determined to bump off Toni ARIAS. Both MURRAY and PASTOR Ponce claimed that Toni ARIAS was behind it all but that PASTOR Ponce was the fall guy.

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8. The Mexican referred to, Cristobal MARTINEZ, and the Mexican, ZORILLO, are believed to be identical. SAS has been identified as Fernando SAS, a gold dealer, who operates in Buenos Aires and Montevideo. Civil Intelligence Section has advised that SAS was staying with Toni ARIAS and that SAS had departed from Panama hastily. CIS also advised that President ARIAS at first had given orders for the dismissal of both his nephew, Toni ARIAS, and PASTOR Ponce, but it was later agreed that Toni ARIAS would not be fired to avoid a public scandal involving the President's family.

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9. (The present status of the matter is that the plane has been searched with negative results, that the plane is still being held by the Panamanian authorities and that MURRAY and others are endeavoring by every means possible to secure the release of the plane. The head of the Tocumen Airport, PASTOR Ponce, has been dismissed and Toni ARIAS, the President's nephew, will probably be allowed to withdraw from his position gracefully.)

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