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AMBASSADOR		
D C M	JMD	1/6
POC (Mr. Italian only)	SH	1/12/81
RETO	TRC	1/6
Mr. [unclear] tel	A	1/7/81
<i>Jamb</i>		
C P U		
MRN	<i>Sandell</i>	96

RETURN TO C P U PRIOR TO CLOSE OF BUSINESS

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TELEGRAM

INDICATE
 COLLECT
 CHARGE TO

FROM SAN SALVADOR	CLASSIFICATION SECRET
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E.O. 11652:
TAGS:
SUBJECT:
ACTION:

RDS-1 1-6-81 (DION, MARK) OR-M
CASC PINS PINT ES
MILLIONAIRES' MURDER INC.?

SECSTATE WASHDC IMMEDIATE

SECRET SAN SALVADOR 0096

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1. (S - entire text)

AMB

2. SUMMARY: A highly respected Salvadoran lawyer who has been well and favorably known to the Embassy for many years told the Charge January 5 that a group of six Salvadoran millionaire emigres in Miami have directed and financed rightwing death squads here for nearly a year, that they are trying to destroy the moderate reformist government by terrorizing its officials as well as the businessmen who cooperate with its reform program, that a wave of recent kidnappings is very likely their work and that the Sheraton Hotel murders bear all their earmarks. He believes the two AIFLD officials were intentionally targetted, along with Viera, and that "social reformers" will continue to

PREPARED BY: CHARGE: JMDion/id	DRAFTING DATE 1-6-81	TEL. EXT. 301	CONTENTS AND CLASSIFICATION APPROVED BY: Charge Dion
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REFERENCES: *JMD*

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be killed until this operation is disrupted. Official Americans who fall into the category of "social reformers", according to the "Miami six", may also be in danger, if this assessment is correct. That rightist death squads are run from Miami and by whom has been reported in the past. The time has come, we feel, to investigate these charges and, if proven, to arrest the perpetrators and prosecute them to the limit of U.S. law. END SUMMARY

3. Wealthy lawyer and businessman who has been important Embassy contact for many years came to say goodbye to Charge late afternoon of January 5. He has received three death threats in the last few days and is leaving the country for several weeks or as long as it takes for the present reign of terror to abate. It is a reign of terror, he said, and he wanted Charge to know who is behind it. He did not expect Charge or Ambassador to be in San Salvador on his return and wanted the story told to us.

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4. Murders of the two Americans who were with Rodolfo Viera was no mistake, in his view, because many prominent Salvadorans have been killed while their families, drivers and friends have been spared; they are usually ordered to lie down and are threatened with death later if they serve as witnesses. Charge recounted details of Sheraton murder that suggest intent to kill the Americans as well as Viera, e.g. fact Hammer had reached far door before being shot twice in the chest and once, as a coup de grace, in the head ~~while~~ while Pearlman was shot twice in the chest but had three bullets fired into the floor in ~~into~~ close range of his head, evidently to kill him for certain. Lawyer said the crime had all the earmarks of a rightist death squad and that he was convinced AIFLD had been targetted as well as Viera. He recalled some of the background to AIFLD's controversial history in El Salvador, its stormy relationship with successive Salvadoran governments and, in particular, the frequent battles between the Embassy and AIFLD. Over the years, many Salvadoran landowners became aware of AIFLD's determination to organize estate workers and to plan for land reform because their unorthodox tactics and free-wheeling was denounced by many prominent Embassy officials in their private conversations. Several ambassadors supported Salvadoran governments in

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their efforts to have AIFLD thrown out of the country. Since the fall of General Romero, and particularly since the arrival of Ambassador White, these landowners have been very aware that the U.S. Embassy was the driving force behind land reform and that AIFLD, particularly its adviser Prof. Prosterman, served as the instrument to carry through the most sweeping land reform in Central America. While the Christian Democrats and progressive military officers wanted land reform and were convinced it was all that could save the country from the communists, without the pressure, planning skill and dynamism of the AIFLD team nothing would have happened.

5. The lawyer then said that he was leaving because he had resisted intense pressures from the ultraright for six months but he was now certain that they would kill anyone who stood in the way of their plan, that the recent wave of kidnappings of businessmen, the bombings of US/Salvadoran firms, the telephoned death threats and the Sheraton murders were all the work of the Miami gang. He said he had spent the last three days talking to wealthy people here who have been interrogated and threatened in Miami -- such younger businessmen/lawyers as Patricio Escobar, Carlos Borja, Francisco Barrientos and others -- people who have decided to stay on and

men work for the country, to keep their businesses and factories open, to cooperate with the government while criticizing its inefficiency and hostility to the private sector. These men have been called to Miami and seated at the end of a long table, facing the "six", and made to answer such questions as "why are you contributing to the communist victory by keeping your business open?" or "why do you do the work of the communist agents White and Bowdler?" Then it is carefully explained to them that to rebuild the country on a new foundation it must first be destroyed totally, the economy must be wrecked, unemployment must be massive, the Junta must be ousted and a "good" military officer brought to power who will carry out a total "limpieza" (cleansing), killing three or four or five hundred thousand people, whatever it takes to get rid of all the communists and their allies. Then and only then can the wealthy elite return to preside over the reconstruction of the country on a new foundation where the rights of property will be secured forever. Last, the "six" make the following threat: "Unless you close down your factory/business, get out of the country, stop working with the Alianza Productiva, INCAFE, American Embassy, etc., you will be very sorry."

6. ~~xx~~ Lawyer-said this story had been told him by several of the victims and he believed it. Now some fifteen businessmen and industrialists have been kidnapped, held since before Christmas with no request for ransom and the message is clear -- get out or the Miami gang will have you ~~ka~~ kidnapped or killed. The deaths of the AIFLD officials and Viera must be seen in this context, he insisted, and the madness of the Miami gang/ recognized.

7. Who are these madmen and how do they operate? The principal figures are six enormously wealthy former landowners who lost great estates in Phase I of the agrarian reform but still have important holdings parcelled out to nephews, cousins, grandsons, etc., that would be taken under Phase II of the land reform; they also have liquid assets and foreign investments which, combined, might be in the range of two to five hundred million dollars. They have always exercised decisive power in this country and cannot believe that their day is over. Their tactics here were simple: coopt bright people from the middle class, bribe the top military leadership, kill anyone who made trouble. They have continued to pursue these tactics in Miami but on a far greater scale; for instance they have bribed

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many military officers and politicians here and abroad to serve their interests. But of even more concern is the fact that they organize, fund and direct death squads through their agent, Major Roberto D'Aubuisson. He never meets directly with them anymore because he can no longer travel to the U.S. but he operates out of Guatemala and has been in El Salvador now for several weeks pursuing the strategy of the "six" to destabilize the country and overthrow the Junta, and using their tactics, bombing factories and offices, kidnapping businessmen and now, very likely, murdering the intellectual leadership of land reform. The object is to terrorize those who are still working for a moderate outcome, in or out of the government, and to impose a rightist dictatorship. Three previous attempts to carry out a rightist coup have been foiled by the American Embassy, the PDC and the majority of the officer corps. The failure of their last effort was a bitter defeat for the "six" and they are in an angry, vindictive mood. Thus it is very dangerous now for anyone they regard as a "communist collaborator", a very broad category in their books which necessarily includes ~~many~~ AIFLD.

8. At the end of the conversation, as the lawyer was saying goodby at the door, he gave Charge the names

of the Miami "six", noting that others among the emigres and their wealthy allies here have some role from time to time but these ~~xx~~ are the top leadership:

Viera Altamirano, Luis Escalante, Arturo Muyschondt, the Salaverria brothers (probably Julio and Juan Ricardo), and Roberto Edgardo Daglio. All are in Miami, hatch plots, hold constant meetings and communicate instructions to D'Aubuisson.

9. COMMENT: The Embassy has heard this conspiracy described by several earlier sources and has reported details, including names, to the Department. This traffic is no longer available to us because of tight destruction schedules in our communications center. It can be retrieved in Washington. For the last ten months, many Salvadorans and some official Americans have been aware that rightist death squads are financed and directed by a group of self-exiled millionaires in Miami, that the publisher of the DIARIO DE HOY, N. Viera Altamirano is a principal figure, and that many people have been bribed to cooperate in their ~~efforts~~ efforts to overthrow the JRG, reimpose the status quo ante and kill hundreds of thousands of Salvadorans suspected of liberal or leftist sympathies. Now we have reason to believe that two officials of the American Institute for Free Labor Development were targetted and murdered by rightist

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death squads who may be acting under the direction of the "Miami six". This may mean that anyone accused by them of being "social reformers", whether Salvadoran or American, is a target for murder. It is unacceptable that such an operation is guided from a major American city and that nothing can be done to stop ~~it~~ it before another American official or contract employee is murdered here. We are unaware of any steps to investigate the information on this operation that has been provided by the Embassy in the past. We believe that steps must be taken immediately to get to the bottom of these charges and that, if proven, the guilty should be prosecuted to the limit of U.S. law.

DION *[Handwritten signature]*

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