

Chile Project (#S199900030)

U.S. Department of State

Release \_\_\_\_\_ Excise  Deny \_\_\_\_\_

Declassify: In Part \_\_\_\_\_ In Full

Exemption(s) B3

UNCLASSIFIED

LIMITED OFFICIAL USE

NO DATE

1979?

NA 77A

P

DECONTROL

RESUME OF USG EVIDENCE & DEFENSE POSITION  
IN THE CONTRERAS, ET AL, EXTRADITION

In July, 1976, the Director of the Chilean National Intelligence Directorate (DINA) set in train a plan to kill ex-Chilean Ambassador to the United States and outspoken critic of the Chilean Junta, Orlando Letelier. The Director, Manuel Contreras Sepulveda, took a direct and personal interest in obtaining Paraguayan passports for two DINA agents, Armando Fernandez Larios and Michael Townley. Senior Operations Officer Pedro Espinoza Bravo arranged the details of the two agents' travel and conveyed Contreras' orders to them.

Alerted by Paraguayan officials that the U.S. Embassy in Asuncion had become suspicious about the pair's trip, Contreras -- through Espinoza -- ordered the men back to Santiago. In late August, 1976, Contreras was directly involved in sending Fernandez Larios, accompanied by DINA agent "Liliana Walker," to Washington, D.C., to surveil the movements of Letelier. Contreras and Espinoza also were personally involved in sending two other DINA agents to Washington using the same aliases employed by Fernandez and Townley in Paraguay; these two agents returned to Chile in early September. Espinoza, acting on instructions from Contreras, ordered Townley to arrange the murder of Letelier with the assistance of Anti-Castro Cubans. Townley followed his orders.

UNCLASSIFIED  
LIMITED OFFICIAL USE

When the Cubans detonated the bomb Townley had attached to the frame of Letelier's car the morning of September 21, 1976, Letelier died almost instantly. The bomb also fatally wounded Ms. Ronni Moffitt.

I. THE DEFENSE

The defendants are not required to prove their innocence, but it is considered good legal practice to advance an alternative explanation to cover all known facts. In this case the defense acknowledges two DINA missions abroad, in one of which Townley had a minor role, but denies that either had anything to do with a plan to assassinate Letelier; furthermore, neither Townley nor his wife, Mariana Callejas, were ever important DINA employees.

A. Acknowledged DINA Missions:

According to the defense, there were two missions:

1. A meeting with General Walters, CIA Deputy Director until mid-1976, which never came off. This operation had two phases. The first was the Paraguay trip, which included Townley as Fernandez' interpreter. The second -- which took place in mid-August -- sent Mosqueira and Riveros to Washington. According to Contreras, he decided in mid-1976 to follow up on an alleged offer made him in 1975 by Walters to provide secretly a list

1. (continued)

of influential Americans who might be sympathetic with the Chilean cause. Contreras says Walters was so sensitive about passing this list that he suggested the couriers obtain third country documentation, thus the Paraguay ploy.

Contreras claims that local [ ] representatives were facilitating the trip both in Santiago and Asuncion. He cancelled the venture upon learning from CIA that Walters had resigned. Nonetheless, says Contreras, CIA told him in August that the trip was on again and that the agents should employ the same phony names used in Paraguay ("Juan Williams Rose" and "Alejandro Romeral Jara") since that's whom Walters was expecting. Riveros (alias Williams) and Mosquiera (alias Romeral) went to Washington using official Chilean passports 526 and 527 (later made 529). When they encountered difficulties meeting Walters, they asked the Chilean military attaché to call CIA. Told Walters was no longer at Langley, the pair returned empty-handed to Chile.

Contreras gives two versions as to why Townley was chosen for the first trip. First he suggests that

1. (continued)

Townley was needed to interpret -- but realizing that Walters was a renowned linguist -- Contreras adds that then-Lieutenant Fernandez and Townley were supposed to make contact with these influential Americans. (Clearly, however, a junior intelligence officer, with a U.S. citizen agent in tow, was not the man to open such contacts.

Neither does Contreras clarify why he thought Walters had become so much less shy of Chilean officials that he sent his two men with Chilean official documents.) Walters denies any knowledge of the affair. Moreover, if CIA were coordinating the trip as alleged, there would be no reason for the Chileans to have to touch base with their own Embassy -- thereby compromising this allegedly top-secret exchange. It is clear that Contreras ordered the Riveros/Mosquiera trip to close the circuit on the "Walters trip" and get "Williams" and "Romeral" out of the U.S. before the assassination.

2. The second alleged DINA mission involved sending "Liliana Walker" to investigate possible siphoning of GOC funds by Marxists working in the New York offices of the Chilean Copper Corporation (CODELCO).

2. (continued)

Both Contreras and Espinoza swear that she did a useful job in that respect. The two defendants say that Fernandez was assigned to accompany "Walker" as a prize and to compensate for his disappointment in missing the second Walters trip -- Fernandez' sister lived in the Washington suburbs -- because his father had been ill.

The person allegedly entrusted with this tough mission rather surprisingly proves to be unknown by her true name by ex-DINA officials (although Contreras' lawyer has said he knows who she is). When and how she put together her alleged report -- which has never been produced -- is another mystery. She spent August 26 through September 2 in a Washington hotel. What was she doing all this time? CODELCO's Washington presence was limited to a sinecure granted the husband of Chile's OAS representative. When the defense suggested to the press that "Walker" had been in touch with him, he categorically denied the rumor. By September 8 she had to return to Washington to pack her bags in time to get back to New York the morning of September 9.

B. Townley as an Unknown Nonentity:

All three defendants have stated under oath that they did not know Townley's true name until it broke in the Chilean press in early 1978. Further, they point to DINA statutes saying only military men could be regular DINA employees. (On the first point, it is true Townley had many aliases, the most frequently used of which was Andres Wilson. However, Fernandez himself acknowledges having called him "Mike" on at least one occasion. The requirement that only military men could be regular DINA employees is a technicality -- easily evaded by giving Townley some other designation for pay and personnel purposes.)

C. Fernandez' Defense:

Fernandez contends that he could not have surveilled Letelier since by his second day in Washington he had moved in with his sister in Virginia. He alleges he spent all his time "relaxing," swimming and playing tennis, and that he visited "Walker" only once during this period in order to help her buy shoes. He has also claimed that Letelier was not in Washington during this period (he was, for at least two days; he then made a brief trip to Europe, spent a few days in New York, and returned to Washington in mid-September). Fernandez establishes that he accompanied his sister

C. (continued)

to New York on September 5 and learned the evening of September 6 that his father had become seriously ill in Chile. Fernandez then says he immediately sought to return to Chile, but the first flight he could book left late Saturday evening, some three days later. He then recounts his "chance encounter" with Townley at Kennedy. (In sum, Fernandez personally, or through agent "Walker," had adequate time to conduct the surveillance of Letelier and make the airport pass to Townley.)

## II. THE USG CASE

The USG extradition request for Manuel Contreras, Pedro Espinoza, and Armando Fernandez Larios is based on the following five points which we believe we have incontrovertibly proven: (A) Michael Townley was a long-time, important member of the National Intelligence Directorate (DINA); (B) Townley arranged the assassination of Orlando Letelier; (C) DINA sent Townley to the United States to kill Letelier; (D) Pedro Espinoza, as Operations Chief for DINA, is the person who actually gave the orders to Townley; and (E) Manuel Contreras was personally involved in the attempt to obtain Paraguayan passports for Townley and Fernandez, and subsequently urged both men to make up a false story and stick to it.

A. Townley was an Important, Long-time, Trusted Member of DINA:

- The Townleys had full-time use of a Fiat 125 registered to "DINAR," a confirmed DINA cover acronym.
- Both Townley and his wife had a full set of fraudulent documents and they were authorized use of DINA medical facilities. In spite of efforts to eliminate from the military hospital any trace of "Ana Pizarro" (Mariana Callejas' cover name), Judge Borquez himself was able to establish from the attending physician that she had been operated on in the DINA clinic in August, 1976 -- exactly as Townley had asserted. Knowing of Borquez' findings, the defense eventually acknowledged that she had been there -- but only as a special favor, not as an entitlement. Nonetheless, the fact that she was admitted and treated under the "Ana Pizarro" identity disproves the defense's assertion that Townley himself was a master counterfeiter and creator of all the false documentation encountered in the case. That is why traces of her treatment were taken from the three hospital files where such information would normally be kept.
- DINA assigned three full-time employees to Townley: a secretary, an "administrative assistant," and a chauffeur. Their statements before the USG



A. (continued)

prosecutor are part of the extradition request. The defense subsequently submitted statements from the secretary and "administrative assistant" in which they assert that, while frequently seen at Townley's residence and in his presence, they were just close personal friends. But the two do not specifically deny the accuracy of what appears in the USG evidence as a record of their conversation with the USG prosecutor. The defense submits no statement from the chauffeur.

-- Townley made at least a dozen trips to Miami to acquire electronic equipment for DINA. His patronage of the Audio Intelligence Devices (AID) store is established by affidavits and receipts from the store. Among the USG evidence is a photocopy of an AID receipt, noting that in early 1975 AID had confirmed with the Chilean Embassy at Washington that Townley was authorized to buy equipment for the GOC. We have reconfirmed the contact between AID and the Embassy in early 1975. Additional documents showing that Townley was authorized to buy for the GOC and that a member of the Attaché staff in Washington approved payment of a Townley bill are also included in the extradition request.

A. (continued)

The defense can only argue that these documents are fabrications or, in one case, contain a forged initial.

- Townley performed an important liaison function with anti-Castro Cubans. Virgilio Paz was his houseguest for several months in Santiago; he knew Rolando Otero (according to the defendants, he identified him when Otero was expelled in 1976); he was in regular contact with the Union City Cubans according to Fernando Cruchaga, a LAN-Chile New York employee. After the conviction of the Cubans at the Washington trial in early 1979, they called him a "traitor" -- not a "liar."
- The defendants themselves acknowledge Espinoza recruited Townley -- under the Andres Wilson alias -- as early as 1974, thus by their own admission he had been dealing with DINA for two years.
- The defendants acknowledge that they selected Townley to accompany Fernandez on the July trip to obtain Paraguayan passports for the aborted trip to the United States. They describe the alleged visit as "exceptionally delicate." Why then send a mere part-time informant on such tricky business?

UNCLASSIFIED

B. Townley Arranged the Letelier and Moffitt Killings:

No one contests this premise -- but it has a twofold importance. First, virtually every factual statement Townley makes in his testimony has been verified by hard evidence -- from his travels to New York, New Jersey, and Washington, to his purchases of electronic equipment in Miami, to the damage caused by a device he built. Furthermore, his trip to Paraguay via Buenos Aires has been confirmed by the defendants themselves. Moreover, even after six days of intensive cross-examination during the Cuban trial in Washington early in 1979, no factual discrepancies in Townley's testimony were established. Secondly, Townley must have had a motive for the crime.

C. DINA Sent Townley to the U.S. to Kill Letelier:

-- Townley traveled to the United States September 8, 1976, as bearer of Chilean official passport 531-76, under the name Hans Peterson Silva. On August 24, according to records at the Consulate, he had been granted an official U.S. visa at the request of the Chilean Foreign Ministry. The passport number is also noted on the receipt for tickets purchased September 8 at EXPRINTER (an agency frequented by DINA, as shown by passages acquired for two other DINA people who traveled

UNCLASSIFIED

C. (continued)

about the same time). By the defendants' own admission, official Chilean passports 525, 526, 527/9, and 530 were used by DINA people (all of whom are involved in this case). Contreras himself drew official passport 543-76, issued in the name of "Alejandro Morales, diplomatic courier," on September 22, 1976. Contreras says he knew nothing of Townley's September 8 trip; Espinoza recalls that Townley called him to ask if he could bring back anything for Espinoza since he was "going to visit his parents." But Townley's wife was still convalescing from her operation at the DINA clinic, hardly a plausible time to go off to the States on vacation.

-- Townley met with Fernandez Larios on his arrival at Kennedy Airport about noon, September 9. LAN-Chile New York employee Cruchaga testified to the U.S. Grand Jury that he received a phone call from "Andres Wilson" in Santiago September 8. He knew Wilson/Townley from his many previous trips to New York and the correspondence he had passed on "Wilson's" behalf with anti-Castro Cubans. "Wilson" said he would be meeting someone and that person might inquire for him. On arrival, "Wilson/

C. (continued)

Townley asked Cruchaga to check outside the customs area; doing so, a man asked if he were Cruchaga and asked if "Wilson" was inside customs. Cruchaga got "Wilson"/Townley and Fernandez together. The defense asserts that Cruchaga may be lying to protect himself from possible USG charges that he transmitted explosives to the Cubans. Fernandez admits to meeting with Townley, but claims the meeting was accidental and that Townley subsequently helped him upgrade his tickets to first class.

-- There are at least five circumstantial reasons to believe that the Townley/Fernandez meeting was not, as Fernandez claims, mere chance:

1. Fernandez states that he arrived at Kennedy ten or eleven hours before his LAN plane was to leave that night, in order to endorse his Braniff tickets over to LAN (a routine, quick procedure) and to put his sister on a flight to Washington. He asserts that while waiting for his sister's flight he saw Townley departing the international arrivals area by luck. Anyone familiar with Kennedy knows how unlikely it is for a passenger boarding a local flight

1. (continued)  
to Washington to be anywhere near the international arrival area.
2. Fernandez acknowledges telling his mysterious traveling companion "Liliana Walker" to meet him at Kennedy about "9 or 10 a.m." "Walker" was in fact present near the international departure area when Cruchaga accompanied Townley to meet Fernandez. Ms. "Walker" had no plausible reason for being present that far in advance of departure; she could have given Fernandez her tickets on September 7 while she was still in New York.
3. Fernandez' sister hopped a flight to Washington after 12 noon. There was no reason to have to be at the airport three hours before that flight. But then Fernandez already knew that he would have to be at Kennedy by 9 - 10 a.m.
4. Just two months previously, Townley and Fernandez had been in Paraguay seeking third country passports for a "delicate" mission to the U.S. Knowing that Townley worked with DINA, what intelligence officer would wish ruining a colleague's cover by making open contact?

5. The U.S. visa in the Peterson passport carries the date August 24; next day Fernandez left for Washington.

The significance of all the evidence laid out up to this point is that NOT ONE PIÈCE IS DEPENDENT UPON MICHAEL TOWNLEY'S TESTIMONY.

D. The Case Against Colonel Espinoza:

- Colonel Espinoza, on two separate occasions, ordered Townley to arrange Letelier's death. According to Townley, before his trip to Paraguay and prior to his September trip to the United States, Espinoza met with him and told him to murder Letelier, using the Cubans if necessary.
- There can be no doubt that within DINA, Espinoza occupied a position as a key senior operations officer in charge of at least international operations. Confirmation found with the extradition file itself comes from: Fernandez, who says Espinoza gave him his money and documents for the Paraguay and U.S. trips; Wenderoth (an operations officer), who says Espinoza requested a nomination for the CODELCO trip (Liliana Walker); Riveros and Mosquiera, who testify that Espinoza briefed them

D. (continued)

on their mission; Contreras, who stated that Espinoza handled all the details of foreign travel; and Espinoza himself.

- Espinoza, in his testimony, told the court that he knew Townley (alias WILSON) in 1972, recruited him in 1974, and was involved in all the briefings outlined above (except, of course, he denies he told Townley to kill Letelier).

Espinoza, then, has admitted to having a detailed knowledge of all the travel of the four Chileans involved in the assassination plot and cover efforts. Organizationally, he is the person within DINA who would have passed instructions to Townley.

E. The Case Against General (R) Manuel Contreras:

- Michael Townley, a long-time significant DINA agent, arranged the assassination of Letelier. As Chief of the DINA, Contreras is the only official who could have approved the assassination of an ex-Chilean Ambassador in Washington, D.C. Contreras personally and directly sought third country documentation so that Townley could go to the United States in July, 1976. Furthermore, he was the only DINA official in a position to



E. (continued)

authorize Townley the official Chilean passport, U.S. visa, and funds Townley used for his September trip to the U.S.

- Further evidence of Contreras' involvement in the assassination is found in his efforts to thwart inquiries. Townley testified to a meeting at Nico's Pizza in 1978, during which Contreras sought to have Townley and Fernandez agree upon a story and stick with it. It is also clear that should Contreras have wanted additional substantiating evidence for the defense's contentions he would have arranged to locate "Liliana Walker."
- Documented in the extradition file are various pieces of evidence linking DINA to the anti-Castro Cubans. This relationship must have been known to Contreras, and it was the Cubans who helped DINA's agent, Townley.
- The evidence submitted with the extradition request established that Contreras personally sought to obtain official Paraguayan passports for Townley and Fernandez in July, 1976. Confirmation comes from statements submitted by Espinoza in his testimony to the local court. Even Contreras acknowledges involvement in obtaining the Paraguayan passports. Indeed, Contreras admits a direct

E. (continued)

personal involvement in the travel of Fernandez, "Walker," Mosquiera, and Riveros. He also states that he controlled all the expense money carried by agents abroad.

- Contreras and the other two defendants cannot be telling the truth about the alleged purposes for the travel of the four Chileans and Townley, which has been documented. But the complexity of the travel, in itself, indicates that a highly secret operation was under way.
- The entire "Walters Mission" cannot be true. Walters was no longer with the Agency and could not have arranged for the CIA operational support Contreras claims, even discounting the sworn denials by Walters and the CIA of the alleged plan. Even assuming that the Americans are lying, the asserted purpose of the trip (to get a list of names from Walters) was hardly that secret, but that a Lieutenant and an American would be sent to conduct follow-up contact with those "highly-placed" Americans is absurd. And if it were crucial that the couriers not travel on Chilean documents, Townley had a false American passport (which requires no visa nor Immigration checks).

E. (continued)

Of course, why then send the replacements on official Chilean passports?

-- If the second (Riveros/Mosquiera) trip was also coordinated with CIA, and CIA even insisted that the same names be used, why not send Townley and Fernandez? And why did this second effort also fail to locate Walters since once again the CIA was allegedly coordinating it?

-- Moreover, the "CODELCO" trip must also be a fabrication. Contreras says that he selected Fernandez for it because his father had been sick and as a consolation prize for not going on the second effort to locate Walters (Fernandez' father's alleged illness is the major excuse given for not sending Fernandez on the second Walters venture).

BUT THE RECORD SHOWS THE FOLLOWING:

<u>Name</u>	<u>Passport</u>	<u>Visa</u>	<u>Departure</u>
Fernandez (Faundez)	525-76	August 16	August 25
"Liliana Walker"	526-76	August 16	August 25
Riveros (Williams)	527*	August 17	August 21
Mosquiera (Romerai)	528	August 17	August 21
Townley (Peterson)	531	August 24	September 8

\*Riveros' passport number changed to 529

E. (continued)

On September 6 Fernandez received word his father had taken seriously ill. Airport meeting September 9.

- Thus, Contreras is lying when he says he was worried about Fernandez' father's illness -- if he were too sick for Fernandez to leave August 21, how could Fernandez travel August 25? Then, too, Fernandez' father's attack took Fernandez and the rest of the family by surprise: the attack occurred September 5 or 6.
- Nor could Fernandez have been sent on a "consolation" prize since he had his visa before Riveros and Mosquiera received their's. And again, since Fernandez was going to be in Washington within a day of Mosquiera and Riveros, why could not he have made the Walters meeting? Contreras' subsequent defense brief does not resolve these questions.
- Michael Townley traveled on an official Chilean passport visaed by the Consulate on August 24, the day before Fernandez and "Walker" left. As discussed below, this single fact has forced the defense to assert that Townley was a secret CIA agent. The constant references to the CIA which

E. (continued)

the defense makes are more than just an effort to befog the facts, they are a crucial element in the defense.

III. THE DEFENSE'S REBUTTAL

A. Townley the Multiple Agent:

Confronted with the extensive documentary evidence and the absence of any plausible personal motive for Townley to assassinate Letelier and Moffitt, the Contreras/Espinoza defense claims that Townley himself fabricated most of them and that he killed Letelier on orders of another intelligence service in order to destabilize the Chilean Government. Any foreign security service would fill the bill as the trainer of Townley in the preparation of forgeries, electronics, and demolition, and a Soviet-controlled service would have the most to gain from having the death of Letelier in Washington laid at the door of the Chilean regime. But the defense must blame the CIA. The reason is very simple: only the U.S. agency could have found out the appropriate number for the official Chilean "Peterson" passport and acquired its U.S. visa. In any other case, DINA, Contreras, and Espinoza must have provided the passport and gone through normal channels for the U.S. visa.

B. Impossibility of "The CIA Theory":

While proving a negative is exceptionally difficult under normal circumstances, the facts in this case make the job feasible:

- The extradition file contains three affidavits, sworn to by senior CIA officials, denying that Townley ever worked for the Agency. Although cynics will take little satisfaction from these statements, the interesting point is that they acknowledge several efforts by Townley to volunteer for the agency and indeed an agency clearance to contact him. If CIA were really trying to cover its tracks, it would not make these possibly incriminating admissions (why, for example, would they ever admit Townley had been cleared for an approach?).
- Even the defense acknowledges the Townley/Fernandez meeting in New York; the evidence establishes that this meeting was prearranged. Townley could not have known about Fernandez' accelerated return to Chile without Fernandez' collaboration. Thus, such a meeting has no place unless Fernandez, too, is a CIA agent.
- If the CIA intent were to implicate the GOC in the assassinations of Letelier and Moffitt, Townley certainly has bungled his role:

1. Rather than leave an easy scent for investigators to unravel, the execution of the crime was exceedingly complex and well-designed; it took a year and a half of slogging detective work before the break came;
  2. To this day, Townley has refused to incriminate the top levels of the Chilean Government -- certainly if this were the intent of the plot, he continues to misplay his role;
  3. Townley fought long and hard against extradition, meanwhile he steadfastly refused to confess participation when called before Chilean judges. In fact, he never wavered in his denials until GOC officials -- acting at the margin of Chilean jurisprudence -- permitted his expulsion; and
  4. Townley will spend at least three years in jail for his part in the assassination -- perhaps as much as ten, a rather exceptional sacrifice for even a dedicated CIA agent.
- The CIA has many detractors who are eager to believe the worst of that organization; very few of them, however, are prepared to believe that the CIA would try to topple a staunch anti-Communist regime, dedicated to a rigorous economic restructuring in the capitalist image.

B. (continued)

-- A point of interest: prior to the January trial in Washington of Townley and the three Cubans, defense attorneys there had raised the possibility of trying to use "the CIA theory" on behalf of their clients (after all the CIA has an at least theoretical interest in putting the brakes on renegade anti-Castro Cubans). In the event, however, the defense never brought out this line of defense: one can only conclude that after full consideration of the facts, it was found to be totally baseless.

IV. CONCLUSION

The evidence submitted by the USG -- even without the testimony of Michael Townley -- is sufficient to establish a "reasonable cause" to believe that the three Chileans were involved in the Letelier/Moffitt assassinations. That is the test for extradition. This paper touches upon only a few key flaws in the defense; there are many others. Indeed, the defense was so weak that even Judge Borquez acknowledged it was riddled with "lies, contradictions and absurdities."