

UNCLASSIFIED

CONFIDENTIAL

~~SECRET~~

### ROUTING AND RECORD SHEET

**INSTRUCTIONS:** Officer designations should be used in the "TO" column. Under each comment a line should be drawn across sheet and each comment numbered to correspond with the number in the "TO" column. Each officer should initial (check mark insufficient) before further routing. This Routing and Record Sheet should be returned to Registry.

<b>FROM:</b>				<b>TELEPHONE</b>	<b>NO.</b>	
DC/WH						
				<b>TELEPHONE</b>	<b>DATE</b>	
					28 May 1956	
TO	ROOM NO.	DATE		OFFICER'S INITIALS	TELEPHONE	COMMENTS
		REC'D	FWD'D			
1. C/WH/III		29	V			
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						

**CIA HISTORICAL REVIEW PROGRAM  
RELEASE AS SANITIZED**

**2003**

STAT  
MAY 21

28 May 1956

MEMORANDUM FOR THE RECORD

SUBJECT: Springfjord Case

1. The above subject was discussed at a meeting with the Department of State held in Assistant Secretary Holland's office on 22 May 1956. Present at the meeting were: Mr. Holland, Mr. R. R. Rubottom, Mr. L. Randolph Higgs, Mr. Spencer M. King, Colonel J. C. King and [ ]

2. [ ] outlined recent history of the Department's decision to make, as a result of British pressure, a representation through the Embassy to Castillo with the objective of recommending to him that the insurance companies' claims, particularly the British, be settled. [ ] noted that CIA had requested this action be held up until it could examine the matter and had concluded that under the circumstances and since the Ambassador apparently intended to make the representation, there would be no strong objection to the proposed procedure, and had proceeded to attempt to discover some way of getting to Castillo whatever funds might be required. A somewhat different position had apparently been taken by the Ambassador, whose recent view [ ]

[ ] is that the proposed approach would be normal only after the U.S. underwriters have requested the Department's assistance in settlement of the claim. It is inferred, therefore, that he feels that the Department should not act under British pressure alone. At the same time, it is his opinion that the U.S. Government should not be placed in the position of "unwillingness" to act and, therefore, suggested that the Department should, in view of the British Government action, contact the U.S. underwriters to determine whether they would agree to accept a lower sum and, thereupon, that the underwriters should formally request the Department's assistance. The Ambassador had pointed out that by such an ex gratia settlement the settlement of this matter could be explained by Castillo in a manner to redound to his personal credit. [ ] proceeded to state that [ ] had not discovered a secure means to accomplish the funding because of the strict regulations controlling government funds as imposed by the new constitution. [ ]

~~SECRET~~

had recommended a method which [ ] described and which he stated CIA tentatively does not consider practical. Mr. Holland added his agreement to this consideration. [ ] also stated that it was CIA's tentative view that the Department should not approach the American underwriters, who as far as is known have not raised the matter with the Department. Mr. Holland concurred in this and asked what might be learned in regard to the attitude of the American underwriters since he did not feel that the Department should yield to pressure from the British, since this would set a precedent in regard to a number of worldwide British claims. [ ] noted that CIA will attempt discreetly to learn more of the U. S. underwriters' intentions through the American attorneys whom Castillo retained in connection with the Springfjord case. It was agreed that further consideration of this matter be deferred pending receipt of this information, at which time a determination should be made of whether it is in U.S. interests to effect settlement of the whole matter now, or whether action should be delayed. Colonel King expressed some concern as to how the funding could be achieved and observed that Castillo had not himself raised the question. [ ] stated that CIA had given considerable thought to this matter and the only method which had not been eliminated as being completely impracticable is considered far from satisfactory. That procedure would be for Castillo to reveal that a large sum of negotiable assets cached by Arbenz had been discovered and to state before Congress could involve itself in the matter that the proper use of these funds would be for the settlement on an ex gratia basis of the Springfjord claims. The obvious drawbacks to this concept were discussed. [ ] also noted that as regards the British claims, the matter conceivably could be settled through [ ] however, the delicate question would first have to be resolved as to whether CIA would be willing to reveal to the British its interest in this matter.

[ ]  
DC/WH

WH/JCK/[ ] (22 May 1956)

Distribution:

Orig - C/WH

1 cc - C/WH/III

/