

DISPATCH

CLASSIFICATION
S-E-C-R-E-T

PROCESSING

TO Chief <input type="checkbox"/>	X	MARKED FOR INDEXING
INFO		NO INDEXING REQUIRED
FROM Chief, WHD		ONLY QUALIFIED DESK CAN JUDGE INDEXING
SUBJECT Federico SCHWEND <input type="checkbox"/>		MICROFILM

ACTION REQUIRED - REFERENCES
ACTION REQUIRED: FYI

1. Forwarded under separate cover is a copy of a raw field report submitted by ACSI 1st Lt. [redacted], Frankfurt, to its Headquarters. The report was sent to us [redacted] at [redacted] Air Base (EGFA-45274, 16 January 1967). The report [redacted] normal station consumption only.

2. You will note that the two Peruvians cited in paragraph 1 as close contacts of SCHWEND are apparently [redacted] and [redacted] respectively. The accommodation address listed in that same paragraph is Abraham LEVY, post office box 53, Lima; the latest box listing shows box 53 is Julio KISS, but box 45 is for one [redacted] LEVY.

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CENTRAL INTELLIGENCE AGENCY
SOURCES METHODS EXEMPTION 25X2
NAZI WAR CRIMES DISCLOSURE ACT
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EXEMPTIONS Section 3 (b)
 (A) Privacy
 (B) Methods/Sources
 (G) Foreign Relations

NAZI WAR CRIMES DISCLOSURE ACT

FOR COORDINATION WITH ARMY

DISPATCH

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1. COUNTRY: PERU/BOLIVIA/WEST GERMANY		8. REPORT NUMBER: 2 750 4664 67 (1206)		3P		
2. SUBJECT: (S) Former German Intelligence Officer Active with Intelligence Services of Peru and Bolivia		9. DATE OF REPORT: 12 January 1967		RECD CO-3 29 JAN 1967		
3. ISG NUMBER:		10. NO. OF PAGES: 3		11. REFERENCES: DIRM 6C, 7A6 IR 2750464066, 2750463966, 2750463866, 2750463766		
4. DATE OF INFORMATION: July - August 1966		12. ORIGINATOR: USA Field Support Group		13. PREPARED BY: USA Field Support Group		
5. PLACE AND DATE OF ACQ: 6 January 1967 West Germany		14. APPROVING AUTHORITY: F. H. DILLON, JR., LTC, A1S		15. EVALUATION: SOURCE B INFORMATION 2		
16. SUMMARY: (S) (NO FOREIGN DISSEM) This report provides information regarding Federico SCHWEND or SCHREND, WWII German SS Intelligence Officer who is reportedly affiliated at present with the Intelligence Services of Peru and Bolivia. <p>THIS REPORT SHOULD BE GIVEN NO FOREIGN DISSEMINATION SINCE SUCH DISSEMINATION COULD LEAD TO THE COMPROMISE OF THE SOURCE OF THIS INFORMATION.</p> <p>THIS DOCUMENT HAS BEEN ADJUDGED BY DIACO-25 (OP1) AS NOT FALLING WITHIN THE CATEGORY OF SENSITIVE/EXTREMELY SENSITIVE INFORMATION AND MAY BE ROUTINELY PROCESSED OR DISTRIBUTED WITHIN DIA.</p> <p>(SIGNATURE/INITIALS)</p>						
17. (S) (NO FOREIGN DISSEM) The West German firm, MEREX A.G., which during the past year or more has disposed of large quantities of surplus Bundeswehr military hardware with the backing of the West German Intelligence Service (BND) to such countries as Pakistan, Iran, Saudi Arabia, India and Chad, has been intensifying its efforts to find potential customers for such military surplus among governments of Latin America. In July-August 1966 a MEREX representative, Walter RUDEL, a WWII German General Staff Colonel, made a tour of various Latin American countries where he contacted numerous military officials to make them aware of military surplus items which MEREX had to offer. He also contacted a WWII German acquaintance in the person of Hans Ulrich RUDEL, Germany's biggest arms dealer of that conflict. RUDEL has been residing in Latin America since the end of WWII and has developed numerous contacts in the local military communities during this foreign residence. RUDEL was instrumental						
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in introducing DRUECK to a variety of government and military officials during DRUECK's Latin American tour. He also led DRUECK to other expatriate Germans who have been living in Latin America since WWII, individuals who have developed contacts and who might be able to assist MEREX in its scheme to push the sale of surplus military hardware there. (Leave Blank)

2. (S) (NO FOREIGN DISSEM) One of the expatriate Germans contacted by DRUECK on the recommendation of RUDEL was Federico SCHWEND of Casilla 1201, LIMA (nca), Peru. SCHWEND is said to have been an intelligence officer in the German SS during WWII. He claims to have participated in the WWII German operation involving the manufacture of large amounts of bogus British pound notes. He claims further that an Italian court sentenced him in absentia to 20 years imprisonment for his role in the death of an Italian agent who penetrated the German Intelligence Service during the war.

3. (S) (NO FOREIGN DISSEM) According to Source, SCHWEND's past has led to a close affiliation between SCHWEND and the Intelligence Services of both Peru and Bolivia. The precise nature of this affiliation was not revealed but SCHWEND is allegedly active at the present time for the services of both countries. As a cover for his intelligence activities, SCHWEND reportedly operates a Volkswagen repair facility in LIMA.

4. (S) (NO FOREIGN DISSEM) To convince DRUECK of his close connections with the Peruvian Intelligence Service and his entree to local military circles, SCHWEND introduced DRUECK to Colonel ARTOLA whom he identified as the head of the Peruvian "Secret Service". He also introduced DRUECK to a Captain Elmar CASANAVE, identified as the "right hand" of Colonel ARTOLA. DRUECK conferred with both officers during his mid-1966 visit to Peru and outlined the types of surplus military hardware which MEREX had to offer. The two officers claimed excellent connections not only to the Peruvian military procurement authorities but also to the military establishments of Argentina and Chile. They agreed to spread the word about MEREX and to work through SCHWEND in pushing possible sales for MEREX. They went so far as to give DRUECK an intelligence accommodation address in LIMA which he is to use in the future for all correspondence relating to military goods sales. The address given DRUECK was: Abraham LEVE, Apartado 53, LIMA-BARANCO. A simple substitution code was also worked out for such correspondence, i.e. the word "Lebensmittel" to be substituted for aircraft, etc.

5. (S) (NO FOREIGN DISSEM) During December 1966, Hans Ulrich RUDEL undertook a trip through various Latin American countries on behalf of MEREX. He met with SCHWEND (he spells the name SCHWEND in his reports) in LIMA and reported to MEREX that SCHWEND requested quotations on several items for the Peruvian Intelligence Service, specifically, miniature listening devices/microphones and silencers for hand guns. SCHWEND also requested that MEREX provide quotations on 500,000 rounds of 30mm munitions and 1,000,000 rounds of 20mm munitions in which the Peruvian military establishment has an interest. He also told RUDEL that the US plans to give Peru some 10,000 rockets of an unspecified caliber soon, allegedly blank rounds with an inert filling. SCHWEND said he would attempt to obtain one of these rounds and forward it to MEREX via the West German Military Attache in LIMA. His desire here is that MEREX determine the cost of converting the inert rounds into live rockets.

6. (S) (NO FOREIGN DISSEM) In Argentina, RUDEL introduced DRUECK to another former German SS officer in the person of Sassan van ELSLOO. ELSLOO has been living in Argentina for some 18 years and is a partner in the firm TECHNICUM S.A., Piedras 383, 5^o piso, oficinas 2 y 3, BUENOS AIRES (nca), telephone 33 48 15. Subsequent to this contact in mid-1966, MEREX appointed TECHNICUM S.A. to represent its interests in Argentina.

7. (S) (NO FOREIGN DISSEM) MEREX has also been in contact with Otto SKORZENY, another famous German WWII figure, for the past several years regarding the arms business. SKORZENY resides in MADRID (nca) but claims to have excellent contacts in the General Staff of Peru. It has also been revealed that SKORZENY has been involved with RUDEL in a scheme to exploit sulphur deposits in a remote area of Bolivia.

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8. (S) (NO FOREIGN DISSEM) Walter DRUECK was debriefed by officials of BND headquarters upon his return from the Latin America visit in August/September 1966. According to Source, the BND officials were very interested in DRUECK's contact with RUDEL and other expatriate Germans residing at present in Latin America.

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