~~SECRET~~ EYES ONLY

12 May 1954

TO : FOR: J. D. Esterline

SUBJECT : Possible Deception Operation

REFERENCE : Memo of 3 May by [ ] re entry of Peurifoy's personal mail

1. The most interesting fact about the reference memo and attachment concerns the originator of the letter, General A. F. LORENZEN. The General is one of three persons who approached the PAA offices in Miami and informed them that J. Herbert WILSON, the PAA manager in Guatemala, was financing a revolution in Guatemala. The General's companions were D. D. MARQUIS and Albert F. DARLOW, the latter being a well-known arms dealer in Miami who has been mixed up in supplying arms to PRIO Socorras, the Caribbean Legion, and other Latin American groups. Without knowing the contents of the letter from LORENZEN, which would necessarily govern any follow-up deception letters, it is not possible to determine at this time if his name could be used in a deception operation.

2. If the intent of a deception operation would be to separate the Embassy in Guatemala from PBSUCCESS operations, it would be necessary to indicate some logical group which ostensibly is concerned with PBSUCCESS matters. The candidates which readily come to mind are:

a. Roberto BARRIOS Pena

b. General Miguel YDIGORAS FUentes

c. A SKIMMER-type group of adventurers who hope to profit by a PBSUCCESS operation.

3. It is my understanding that the "Q-Program" is directed at showing that BARRIOS Pena is leading a PBSUCCESS-type movement. It is pretty well accepted that YDIGORAS Fuentes' organization is thoroughly penetrated, and any deception program at proving otherwise would consequently run the risk of being exposed by the facts themselves. This leaves (c) above as the only remaining possibility, since implicating other Latin American governments could lead to OAS complications.

4. A logical group could be the LORENZEN-MARQUIS-DARLOW group, which is well known for the dubious ethics of its members. However, their source of any large amounts of money is questionable. One way of explaining some of their funds would be to use our present information about the TAAFFE case to make it appear that the TAAFFE's are in cahoots with DARLOW who is planning to use the "letter of credit" provided by the "dissident Guatemalan Army group" to aid the DARLOW-supported group, ie., CALLIGERIS. This would at least substantiate the fact, well known to the Guatemalan Government through its CALLIGERIS penetrations, that <u>someone</u> is supporting CALLIGERIS. This is based on the assumption that the persons attempting to buy arms through the TAAFFE's are actually financed by the Guatemalan Government.

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5. The mechanics of using the Ambassador's mail for such an operation are complicated by the fact that a one-way flow to the Ambassador would have to be the basis of the operation. The reasoning is that any reply by the Ambassador to a letter dealing, however veiled, with PBSUCCESS matters would be sent by him through the pouch to the U.S. for mailing as a normal precaution, regardless of the relations betweens the U.S. and Guatemala. Even then it would of necessity be a formal answer stating that the letter had been referred to Washington. Thus it appears that a "one-shot" attempt would have to be made by including enough in one letter to implicate a SKIMMER-type group of our choosing.

6. While the actual contents of such a letter are not as easily arrived at as the above suggestions, the possible results could be:

a. Implanting the idea that the Ambassador is unaware of PBSUCCESS operations

b. Pin-pointing a false SKIMMER-type group which is supporting CALLIGRIS

c. Discrediting the TAFFEEs in Guatemalan eyes

While point (c) is not necessarily the primary objective in this case, it might prove valuable in making the Guatemalans doubt not only the TAAFFE's, but also the persons with whom she has been dealing in Guatemala.

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