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ACTION ARA-10

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E.O. 11652: GDS  
TAGS: PINS SHUM AR  
SUBJECT: GRAIVER SCANDAL

REFS: (A) BUENOS AIRES 2869, (B) BUENOS AIRES 2889, (C) BUENOS AIRES 2890

1. IN ORDER TO AUGMENT INFORMATION CONTAINED IN REFTEL AND LOCAL PRESS ACCOUNTS, EMBASSY DISCUSSIONS WITH USUALLY INFORMED SOURCES PRODUCED FOLLOWING ASSESSMENT OF GRAIVER AFFAIR AND POSSIBLE POLITICAL RAMIFICATIONS. WHAT FOLLOWS IS PARTLY A SUMMARY OF INFORMATION APPEARING IN THE LOCAL PRES AND CLANDESTINE CIRCULARS WHICH WE HAVE NOT YET REPORTED AND PARTLY A COMPILATION OF OPINION AND ANALYSIS OF EMBASSY SOURCES. EMBASSY CANNOT VOUCH FOR THE ACCURACY OF THIS INFORMATION, BUT IT IS SUBMITTED AS BEING ILLUSTRATIVE OF THE CURRENT ATMOSPHERE.

2. THE ROUTINE INVESTIGATION BEGAN LAST AUGUST INTO DAVID GRAIVER'S COLLAPSED FINANCIAL EMPIRE RECEIVED A NUMBER OF SIGNIFICANT BREAKS WHICH SHOWED GRAIVER HAD FINANCIAL DEALINGS WITH MONTONEROS. EARLY THIS YEAR SECURITY FORCES CAPTURED THE MONTONERO FINANCIAL CHIEF WHO REVEALED VAST SUMS DEPOSITED IN MONTONERO BANK ACCOUNTS THROUGHOUT THE WORLD AND ALSO THE GRAIVER CONNECTION. SEPARATELY, GRAIVER'S FATHER JUAN GRAIVER WAS ALLEGEDLY DETAINED BY MILITARY AUTHORITIES WHO  
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HE MISTOOK FOR MONTONEROS. UNDER THAT MISCONCEPTION HE DISCUSSED THE MONTONERO ACCOUNTS IN GRAIVER'S BANKS AND THE DIFFICULTY OF THE FAMILY IN PRODUCING THE BALANCE OF THE ACCOUNTS. ALLEGEDLY THE MILITARY THEN PROCEEDED TO PICK UP GRAIVER'S WIFE LYDIA PAPALEO, HE BROTHER ISIDORO AND HIS FINANCIAL ADMINISTRATOR JORGE RUBENSTEIN, TO QUESTION THEM FURTHER ON THE GRAIVER-MONTONERO RELATIONSHIP. DURING THE FOLLOWING WEEKS, OTHER PERSONS IMPLICATED IN THE CASE WERE PICKED UP--OR RATHER ABDUCTED--BY THE SECURITY FORCES. JORGE RUBENSTEIN ALLEGEDLY DIED WHILE IN DETENTION, PRESUMABLY OF A HEART ATTACK. HE WAS MORE THAN 70 YEARS OLD. SOURCES SAY AT LEAST 50 PERSONS HAVE BEEN DETAINED FOR QUESTIONING IN THIS CASE.

3. THE INVESTIGATION SHOWED THAT A NUMBER OF IMPORTANT POLITICAL AND BUSINESS FIGURES WERE VARIOUSLY CONNECTED TO THE GRAIVER CASE. SOME WERE FOUND TO HAVE HAD ILLEGAL DOLLAR ACCOUNTS IN GRAIVER'S BANKS (VIA HIS OVERSEAS BANKS)--THESE INCLUDE IMPORTANT MEMBERS OF THE ARGENTINE JEWISH COMMUNITY, UNIONS AND UNION

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OFFICIALS, PERONISTS AND OTHERS. SOME 35 TO 40 COMPANIES WERE FOUND TO HAVE HAD SPECIAL ACCOUNTS THROUGH WHICH TO FUNNEL MONEY TO THE PERONIST SOLIDARITY CRUSADE, MUCH OF WHICH APPARENTLY, FOUND ITS WAY INTO ISABEL PERON'S POCKETS. SEPARATELY, RECORDS CAPTURED IN ERP AND MONTONERO ARCHIVES SHOW THAT PERONIST GROUPS EXTORTED VAST SUMS OF PROTECTION MONEY FROM SOME 300 FIRMS. THE GOVT HAS KNOW THIS FOR SOME TIME (APPARENTLY SOME RECORDS WERE FOUND WHEN SANTUCHO WAS KILLED LAST JULY.) SOURCES SAY GOA IS NOT EXPECTED RPT NOT TO PROSECUTE THE PERSONS AND FIRMS NAMED UNLESS IT CAN FIND ACTIVE COLLABORATION INSTEAD OF EXTORTION AS MOTIVE FOR PAYMENTS.

4. THE GRAIVER INVESTIGATION WAS JUST ABOUT COMPLETE WHEN JOURNALIST EDGARDO SAJON DISAPPEARED APRIL 1. WHEN FORMER PRESIDENT LANUSSE INTERCEDED IN HIS FORMER PRESS SECRETARY SAJON'S BEHALF, THE BAHIA BLANCA DAILY NEWSPAPER LA NUEVA PROVINCIA ACCUSED LANUSSE OF NOT BEING AS CONCERNED ABOUT SAJON AS HE WAS ABOUT BLOCKING THE INVESTIGATION INTO THE GRAIVER  
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AFFAIR. THERE FOLLOWED A STRIDENT POLEMIC BETWEEN LANUSSE AND THE PAPER'S DIRECTOR SRA. MASSOT, DURING WHICH THE NEWSPAPER PUBLISHED INCREASINGLY GREATER REVELATIONS ABOUT THE DEPTH AND SCOPE OF THE GRAIVER INVESTIGATION. A NUMBER OF SOURCES BELIEVE THAT PRESIDENT VIDELA HAD THE RESULTS OF THE GRAIVER INVESTIGATION SINCE EARLY APRIL BUT WAS HOLDING IT QUIET DUE TO THE MAGNITUDE OF THE CHARGES AND THE STATUS AND NUMBER OF PERSONS INVOLVED. FROM HERE ON, SOURCES SAY, THE MATTER BECAME FAR MORE POLITICAL THAN ECONOMIC. VIDELA IS UNDER GREAT PRESSURE FROM ALL SIDES TO REVEAL THE RESULTS OF THE INVESTIGATION IN WHICH A CONSIDERABLE NUMBER OF IMPORTANT PERSONS ARE NAMED. HARDLINE ELEMENTS IN THE MILITARY, INCLUDING GEN. SUAREZ MASON (WHO REPORTEDLY IS CLOSELY CONNECTED TO LA NUEVA PROVINCIA DIRECTOR AND HAS FED THE PAPER INFORMATION ON THE INVESTIGATION), BUENOS AIRES PROVINCE GOVERNOR IBERICO SAINT JEAN (WHO HAS PUBLICLY CALLED ON VIDELA TO REVEAL THE SCANDAL) AND OTHERS SEE THE SCANDAL AS A WAY TO DISCREDIT VIDELA AND HIS MODERATE LINE. MID-LEVEL ELEMENTS IN THE THREE ARMED FORCES ARE SAID TO BE UNITED IN INSISTING THAT THE GRAIVER MATTER BE MADE PUBLIC AND THAT THE POWERFUL PERSONS WHO EITHER PROFITED FROM ECONOMIC SUBVERSION OR WHO CAN BE SHOWN TO HAVE ACTUALLY FINANCIALLY SUPPORTED THE TERRORIST GROUPS BE BROUGHT TO JUSTICE. OFFICERS AT THIS LEVEL ARE THE ONES TO FIGHT THE "DIRTY WAR" AND ARE ALLEGEDLY OUTRAGED AT THE INCREDIBLE RESOURCES THEY HAVE SEEN COMMANDED BY THE TERRORISTS. ONE SOURCE SEES VIDELA'S HANDLING OF THE GRAIVER AFFAIR AS THE MOST DANGEROUS AND IMPORTANT TEST OF HIS POLITICAL ABILITIES. IF VIDELA PROBES TOO FAR AND TOO MANY IMPORTANT PEOPLE ARE HURT, POWERFUL INTERESTS COULD ENGINEER HIS COLLAPSE; IF HE DOESN'T GO FAR ENOUGH HE COULD ALIENATE SECTORS OF THE ARMY AND OPEN THE WAY FOR THE HARDLINERS. THE KEY QUESTION, SOURCES SAY, IS WHERE THE LIMITS WILL BE DRAWN. ONE INFORMED FINANCIAL SOURCE SAYS HE BELIEVES THAT THE TARGETS WILL NOT RPT NOT BE FOREIGN COMPANIES, THOSE COMPANIES FORCED TO PAY PROTECTION MONEY OR THE JEWISH COMMUNITY AS SUCH. ARMY G-4, BRIG. GEN. GALLINO, HAS BEEN NAMED TO DIRECT THE MILITARY INVESTIGATION. HE IS REPORTEDLY CLOSE TO GEN. ROBERTO  
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VIOLA AND CAN BE EXPECTED TO FOLLOW PRESIDENT VIDELA'S INSTRUCTIONS IN HANDLING THE MATTER.

5. ALTHOUGH SOURCE SAYS IT IS NOT INCONCEIVABLE THAT LANUSSE COULD BE TIED INTO GRAIVER INVESTIGATION, CHIEFLY THROUGH IMPLICATED FRIENDS AND ACQUAINTANCES, HE SEES LANUSSE MATTER AS SEPARATE POLITICAL QUESTION. THE SAJON, FERREIROS, TIMERMAN, JARA AND RAAB ABDUCTIONS ARE CHEIFLY MOTIVATED BY EFFORT TO DISCREDIT LANUSSE AND BLOCK HIS ALLEGED EFFORTS AT SETTING HIMSELF UP AS CENTER-LEFT POLITICAL CANDIDATE. SAJON AND FERREIROS WERE BOTH APPARENTLY INVOLVED IN HELPING WRITE LANUSSE'S MEMOIRES WHICH WERE TO HAVE BEEN HIS POLITICAL COMING-OUT STATEMENT. (ACCORDING TO ANOTHER SOURCE, FERREIROS HAD DIRECT LINKS TO TERRORS). IT IS RUMORED (AND SUBSEQUENTLY DENIED BY LA OPINION) THAT DAVID GRAIVER OWNED CONTROLLING STOCK IN THE COMPANY WHICH PUBLISHES LA OPINION. THE STORY IS THAT GRAIVER CEDED HIS CONTROLLING INTEREST TO LANUSSE WHO WAS COLLABORATING WITH TIMERMAN TO USE THE PAPER AS A VEHICLE FOR LANUSSE'S POLITICAL ASPIRATIONS. TYING TIMERMAN AND OTHERS TO THE GRAIVER SCANDAL IS SEEN CHEIFLY AS A WAY FOR LANUSSE'S ENEMIES TO STRIKE AT THE EX-PRESIDENT. ANOTHER DEVELOPMENT IS THAT GEN. ACDEL VILAS, THE HARD-HANDED OFFICIAL WHO WAS IN CHARGE OF REPRESSING SUBVERSION IN BAHIA BLANCA UNTIL RELIEVED OF HIS COMMAND SEVERAL MONTHS AGO, HAS ASKED THAT LANUSSE BE TRIED IN A MILITARY COURT OF HONOR FOR HIS STATEMENTS ON THE SAJON DISAPPEARANCE WHICH ACCORDING TO VILAS OFFEND THE GOVT AND THE ACTIONS OF THE ARMED FORCES. VILAS' STATEMENTS WERE CARRIED IN THE LOCAL PRESS BUT NO OFFICIAL REACTION HAS YET BEEN MADE PUBLIC.

6. COMMENT: PRESIDENT VIDELA'S BRIEF BUT EMOTIONAL ANNOUNCEMENT THAT THE GRAIVER CASE WOULD BE PROSECUTED TO ITS "ULTIMATE CONSEQUENCES" FALL SHORT OF WHAT MANY OBSERVERS EXPECTED WOULD BE AT LEAST PARTIAL REVELATION OF SOME OF THE DETAILS OF THE CASE. DESPITE PRESSURE FROM GOV. ST. JEAN AND LA NUEVA PROVINCIA EDITORIALS THAT THE EXECUTIVE HAD AND WOULS SHORTLY BE PROVID-CONFIDENTIAL

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ING "EXPLOSIVE" INFORMATION ON THE CASE, VIDELA MANAGED TO AT LEAST TEMPORARILY DEFUSE THE ISSUE BY HIS SANCTIONING THE SIX GRAIVER ASSOCIATES UNDER THE INSTITUTIONAL RESPONSIBILITY ACT AND ORDERING THAT A COMPLETE INVESTIGATION GET UNDERWAY. HILL

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