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7770068-1878

DEPARTMENT OF STATE

7710713

BRIEFING MEMORANDUM

10-SS

APR 20 1977



DECONTROL

ARGENTINA PROJECT (S20000044)
U.S. DEPT. OF STATE, A/RPS/IPS
Margaret P. Grafeld, Director

Release Excise Deny

Exemption(s):

Declassify: In Part In Full *Declassified*
 Classify as Extend as Downgrade to
Date Declassify on Reason

[Redacted]

TO: The Deputy Secretary
THROUGH: P - Mr. Habib
FROM: ARA - Terence A. Todman

TO STATE 0

The Graiver Scandal in Argentina

It is still very unclear to us where the Graiver scandal in Argentina is leading to, and whether it will be used to smear former President Lanusse and Jacobo Timerman of La Opinion. We are, therefore, refraining from any premature comment. The following factors are involved:

- In August 1976 David Graiver died in a mysterious airplane crash in Mexico. Shortly thereafter his banks in New York and Brussels went bankrupt.

- Beginning in April 1977 the Argentine military began arresting a number of prominent Argentine newsmen and politicians, as it turns out because of connections to Graiver.

- Former President Lanusse's press secretary was detained, in what many interpreted as an effort to smear the center-left Lanusse. Graiver had, of course, begun building his financial empire thanks to his connections with Lanusse's Ministry of Social Welfare.

- La Opinion's very respected publisher, Jacobo Timerman, was also detained along with other members of his staff. La Opinion quickly acknowledged that Graiver had a strong financial interest in La Opinion but no more.

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- To complicate matters, the press reported that former Argentine Economy Minister Jose Ber Gelbard, who has received asylum in the United States, had introduced Graiver to the Montonero terrorists.

- The fact that Graiver, Timerman and Gelbard are Jewish has led some to talk of a Dreyfus case although the Argentine government has publicly denied that religion or freedom of the press play any part in their investigation.

At this point, we frankly do not know what to make of this case. Our Embassy reported on April 20 that the atmosphere is very charged in Buenos Aires and counseled against commentary. Our worse fears are that the government is using the Graiver case to destroy the reputations of both Lanusse and Timerman, the former with Presidential aspirations, the latter a champion of human rights. The fact that Videla has named a special prosecutor suggests that he is fully aware that the world will be watching Argentina very carefully on this case.

The Argentine government is aware of our intense interest in this case because of conversations we have had with their Embassy in Washington. We will continue to voice an interest informally to the Argentines but do not recommend a public statement which might be viewed as an intrusion into an ongoing investigation.

We will also instruct our Ambassador to stay in touch with Timerman's son, who is running the newspaper without apparent problems.

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Drafted: ARA/ECA:FERondon:jc
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