

## Message Text

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54

ACTION ARA-20

INFO OCT-01 ISO-00 L-03 EB-11 INR-10 DRC-01 RSC-01 /047 W

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P 251724Z JAN 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC PRIORITY 2046

UNCLAS LA PAZ 0538

E.O. 11652: N/A

TAGS: BDIS, EIND, BBAK, BL

SUBJ: FARMABOL CASE

REF: A) STATE 14854; B) LA PAZ 470; C) STATE 13866; D)

BINNS' MEMO OF JAN. 3, 1974

1. AS OF SIX P.M. JAN 24, CAPT. SANCHEZ HAD NOT RETURNED FROM HIS TRIP. HIS OFFICE PROMISED TO HAVE HIM TELEPHONE EMBASSY IMMEDIATELY UPON HIS RETURN.

2. COMMENT: WE ARE IN COMPLETE ACCORD WITH DEPARTMENT'S DESIRE THAT THE USG'S ROLE IN THIS CASE BE ESSENTIALLY THAT OF HONEST BROKER AND ARE SATISFIED THAT THE GOB OFFICIALS CONCERNED WITH THIS DISPUTE SO REGARD US. WHEN CAPT. SANCHEZ WAS INFORMED OF SUBSTANCE OF REF D, HE SEEMED MORE APPRECIATIVE OF THE DEMONSTRATION OF THE USG'S WILLINGNESS TO ACT AS AN HONEST BROKER THAN DISTURBED BY WHAT HE CLEARLY UNDERSTOOD TO BE MERELY AN INITIAL AND FRAGMENTARY REPORT. WE ARE CONFIDENT THAT THE GOB CONTINUES TO REGARD SETTLEMENT OF THE FARMABOL DISPUTE AS IN ITS INTEREST AND CONTINUES TO SEE ATTY. HATHORN'S PACKAGES AS A PROMISING VEHICLE FOR RESOLUTION. (OBVIOUSLY, CONFIRMATION OF OUR IMPRESSION MUST AWAIT SANCHEZ' RETURN.) CLEARLY, HOWEVER, HATHORN'S PACKAGES MUST STAND ON THEIR OWN MERITS.

3. AS DEPARTMENT IS AWARE, ATTY. HATHORN CAME TO BOLIVIA WITH THREE ARROWS IN HIS QUIVER: A) SETTLE THE FARMABOL DISPUTE; B) OFFER THE DOMINICK & DOMINICK LOAN, AND C) UNCLASSIFIED

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OFFER THE COMPLEX "FIDUCIARY DEPOSIT" LOAN PACKAGE DESCRIBED

IN LA PAZ 7639 AND LA PAZ 7614. AS REPORTED IN OUR A-268,  
HATHORN SAID THE LOANS AND THE FARMABOL SETTLEMENT NEED NOT BE  
DIRECTLY TIED TOGETHER. WHILE HERE, HE CLEARLY GAVE IMPRESSION  
THAT HE WAS MORE INTERESTED IN ARRANGING THE "FIDUCIARY DEPOSIT"  
LOAN PACKAGE THAN IN EITHER OR BOTH OF THE OTHER MATTERS. MOREOVER,  
HATHORN SAID PURPOSE OF HIS DECEMBER TRIP HERE WAS TO ESTABLISH  
PARAMETERS OF DISCUSSION. HE LEFT SATISFIED HE HAD  
DONE SO AND CLEARLY AWARE THAT NEXT STEP WOULD BE SATISFACTION  
OF GOB'S INQUIRIES ABOUT HIS OWN, HIS FIRM'S AND HIS  
BACKERS ANTECEDENTS AND BONA FIDES.

4. DEPARTMENT WILL RECALL THAT GOB WAS EMBARRASSED LAST  
SUMMER BY A \$US 225 MILLION LOAN OFFER (AMONG SEVERAL  
OTHERS) THAT COULD NOT BE CLOSED AFTER PUBLIC ANNOUNCEMENT.  
IF FOR NO OTHER REASON, GOB OFFICIALS WOULD TODAY APPROACH  
ANY PACKAGE WITH HEALTHY CAUTION WHICH WE FEEL SHOULD BE  
ENCOURAGED AND WHICH, TO THE EXTENT THAT U.S. CITIZENS ARE  
INVOLVED, WE FEEL WE SHOULD HELP SATISFY.

5. ON THE OTHER HAND, WHILE WE ARE INDEED ANXIOUS TO SEE  
FARMABOL DISPUTE RESOLVED, WE DO NOT FEEL THAT ATTY.  
HATHORN'S PACKAGES CONSTITUTE ONLY OPPORTUNITY HISTORY  
WIL\* OFFER. CAPT. SANCHEZ WAS THE ONLY GOB OFFICIAL INFORMED OF REF  
D AND WE BELIEVE HE SHOULD CONTINUE TO BE THE CHANNEL  
OF INFORMATION, ANY OTHER APPROACH, IN OUR VIEW, WOULD PUT USG IN  
THE POSITION OF SEEMINGLY ENDORSING A SPECIFIC TRANSACTION.  
END COMMENT.

6. ACTION REQUESTED: REF. C REPORTED DOMINICK & DOMINICK  
PRESIDENT KENNEDY SAID QUOTE HE WOULD BE AWARE OF A TRANS-  
ACTION OF THIS MAGNITUDE END QUOTE AND ALSO REPORTED THAT  
DOMINICK & DOMINICK'S S.A. MEGEATH QUOTE CONFIRMED HATHORN  
WAS AUTHORIZED TO PROPOSE \$US 15 MILLION TRANSACTION TO  
GOB END QUOTE. TO CLOSE CIRCLE, DEPARTMENT IS  
REQUESTED TO SEEK CONFIRMATION FROM KENNEDY THAT MEGEATH  
IS EMPOWERED TO COMMIT DOMINICK & DOMINICK IN THIS MATTER.  
STEDMAN

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## Message Attributes

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**Copy:** SINGLE  
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**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
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**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
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**TAGS:** BDIS, EIND, BBAK, BL, (KENNEDY, PETER)  
**To:** STATE  
**Type:** TE  
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