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Department of State

FN 17-2 Bray

TELEGRAM

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ACTION ARA 16

INFO FBI 01, SY 04, DODE 00, TRSY 11, CIAE 00, INR 07, NSAE 00, RSC 04
USIA 12, L 03, SCS 04, SCA 01, PPT 02, RSR 01, /067 W

*See Paulo 200
3/5/69*

R 052000Z MAR 69
FM AMCONSUL SAO PAULO
TO SECSTATE WASHDC 1285
INFO AMEMBASSY BRASILIA
AMEMBASSY RIO DE JANEIRO
AMEMBASSY BUENOS AIRES
AMEMBASSY QUITO

C O N F I D E N T I A L SAO PAULO 200

SUBJECT: ALLEGED COUNTERFEITING TRAVELERS CHECKS

BUENOS AIRES FOR LEGAL ATTACHE WACHTER
QUITO FOR JOHN MORGAN

REF: SAO PAULO'S 179

1. DENIZARD CORREA PINHEIRO CALLED AT CONGEN AGAIN MARCH 5 TO REPORT FURTHER INFORMATION ON ALLEGED COUNTERFEITERS AND ASK WHETHER WE HAD REPLY WHETHER BANK OF AMERICA CHECK WAS FALSE. CONGEN HAD SHOWN CHECK TO BANK OF CANADA OFFICIAL WHO HANDLES BANK OF AMERICA AFFAIRS. OFFICIAL SAID HE CERTAIN CHECK WAS FALSE. CONGEN RELAYED INFORMATION TO PINHEIRO.
2. PINHEIRO HAS INFORMED JUSTICE MINISTER GAMA E SILVA OF CASE BUT SAID NO ONE OTHER THAN CONGEN AND GAMA YET AWARE OF IT.
3. PINHEIRO SAID HE HAS INFORMATION THAT OFFICIALS IN FEDERAL FINANCE MINISTRY ARE INVOLVED IN COUNTERFEIT AS WELL AS BANCO DO BRASIL OFFICIALS. HE GAVE NAME OF SAO PAULO DOPS OFFICIAL WHO ALLEGEDLY KEY DISTRIBUTOR CHECKS HERE AS COSIMO ESTEGANELI NETO. HE SAID LATTER TRAVELLED TO US FREQUENTLY, APPARENTLY MAKING ARRANGEMENTS FOR PAPER AND POSSIBLY SERVICE AS COURIER. PINHEIRO ALSO CLAIMED THAT ONE OF MEMBERS OF FEDERAL INVESTIGATING COMMISSION HANDLING LOCAL INVESTIGATION OF ILLEGAL EX-

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CHANGE WAS LINKED TO RING.

4. PINHEIROS SAID DISTRIBUTION ALSO OF FALSE AMERICAN EXPRESS TRAVELERS CHECKS WAS DUE BEGIN IN SAO PAULO MARCH 6 AND HE WOULD OBTAIN ONE FOR CONGEN EXAMINATION. HE CLAIMED COUNTERFEIT US 100 DOLLAR NOTES WERE ALSO READY FOR DISTRIBUTION. TOTAL NOMINAL AMOUNT TRAVELERS CHECKS AND US BANK NOTES SAID TO BE SIX MILLION DOLLARS OF WHICH AT LEAST \$300 THOUSAND IN BANK OF AMERICA CHECKS WHICH ARE ALREADY BEING DISTRIBUTED.

5. PINHEIRO PLANNING GIVE ALL INFORMATION TO OFFICIAL NAVY INTELLIGENCE SERVICE (CENIMAR) MARCH 6. HE CLAIMS CENIMAR ONLY TRUSTWORTHY BRAZILIAN ORGANIZATION AND THAT OTHER INTELLIGENCE SERVICE INCLUDING SNI AND FEDERAL POLICE AND ESPECIALLY MINISTRY OF FINANCE COULD NOT BE TRUSTED.

6. ACTION REQUESTED: CONGEN REQUESTS GUIDANCE CONCERNING FUTURE INVOLVEMENT THIS MATTER AND REPLY TO REFTEL.

FOR MORGAN IN QUITO: WHAT IS YOUR OPINION PINHEIRO'S RELIABILITY?

FOR EMBASSY RIO: PLEASE IN YOUR DISCRETION CONFIDENTIALLY INFORM DAVID GANNAN, BANK OF AMERICA'S REPRESENTATIVE IN RIO.

CORRIGAN

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