

AIRGRAM

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TO : Department of State

HANDLING INDICATOR
 DEPARTMENT OF STATE
 BUREAU OF
 INTER-AMERICAN AFFAIRS
 MAR 11 1969

INFO: BRASILIA, RIO DE JANEIRO

RECEIVED
MAR 9 2 43 PM 1969

FROM : Amconsul SAO PAULO

DATE: February 28, 1969

SUBJECT : Report of Investigation of Corruption in São Paulo City Administration

SUMMARY

The ConGen has been informed that two ~~military~~ groups are currently investigating corruption in Mayor FARIA LIMA's Administration. One of the groups is linked to ex-Governor Laudo NATEL who is a political rival of the Mayor.

1. Background: There have been numerous reports of corruption in Mayor FARIA LIMA's Administration during the past year (See SP-30, enclosure to Brasilia's A-242 of May 2, 1968, and São Paulo's A-382 of August 30, 1968). ConGen sources allege that the "take" on contracts with the city has risen from ten percent two years ago, through twenty percent last year to thirty percent at the present. The Mayor's opposition in the City Council, which was composed of the 6 ARENA ortodoxos (conservative supporters of the Revolution of 1964) and 5 MDB aldermen, had raised the issue several times last year by presenting evidence of alleged corruption, and had requested an investigation. Each time the pro-Faria Lima majority voted against having an investigation. One of the most active and industrious of the Mayor's accusers was MDB alderman Odon PEREIRA DA SILVA, who accumulated considerable documentary evidence of alleged corruption. He presented the evidence in the Council and much of it was published by Jornal da Tarde.

2. Military Groups Request Evidence. Pereira da Silva told the reporting officer February 26 that during the past two weeks he had been approached

Group-4

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Sao Paulo

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by two groups of military men who said they were investigating corruption in the city administration, and requested that Pereira da Silva provide information incriminating the Mayor. One of the groups was composed of men linked to ex-Governor Laudo NATEL; the other appeared to have no ties to politicians. Pereira da Silva said he gave them copies of documents and speeches he had presented in the City Council, but did not give additional evidence which he had but which had not been publicly presented.

3. Comment: The accusations which were made last year of corruption in the city administration had little, if any, negative effect on the Mayor's image in the eyes of the public. The magnitude of the public works projects and improvements he was carrying out sufficed to obscure the alleged irregularities. However, it now appears that a military investigation is digging into these irregularities which nearly everyone admits exist. How the Mayor emerges will be a test of his influence in the Federal Government and in military circles, in comparison to that of Laudo Natel.

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