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RUSNNOA/USCINCEUR VAIHINGEN GM/ (b)(3):50 USC 403-1(i)

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/***** THIS IS A COMBINED MESSAGE *****/

BODY

SUBJ: DEFENSE INTELLIGENCE REPORT, DIR-84-93, ~~SECRET~~ PERU'S CIVIL, MILITARY CRISIS AND THE ROLE OF MONTESINOS

1. (U) KEY JUDGMENTS

A. ~~(S/NF)~~ THE 13 NOVEMBER 1992 COUP ATTEMPT DEMONSTRATED THE GROWING RIFT BETWEEN THE FUJIMORI REGIME AND THE MILITARY AS WELL AS INCREASING FACTIONALISM WITHIN THE ARMY. (b)(1),1.4 (c)

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B. ~~(S/NF)~~ THE OFFICER CORPS VIEWS MONTESINOS AS A SINISTER INFLUENCE ON FUJIMORI AND AS RESPONSIBLE FOR THE BLATANT MANIPULATION OF MILITARY PROMOTIONS AND ASSIGNMENTS. IT ALSO BELIEVES MONTESINOS TORTURED REBELLIOUS MILITARY OFFICERS IMPLICATED IN THE COUP ATTEMPT. THESE TWO PERCEPTIONS MAKE MONTESINOS A LIKELY TARGET FOR ASSASSINATION IN ANY MILITARY AEBELLION.

C. ~~(S/NF)~~ A CONTINUED HARD LINE BY FUJIMORI WILL LEAD TO FURTHER MILITARY REBELLION WITHIN THE NEXT 6 MONTHS. HOWEVER, FUJIMORI'S WIDESPREAD POPULARITY, AND SUPPORT FOR HIS PROGRAMS BY MANY OFFICERS, WILL PROBABLY DEFLECT MOST REBELLIOUS ACTS AWAY FROM

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HIM AND TOWARD MONTESINOS AND COMMANDING GENERAL HERMOZA.

D. ~~(S)~~ THE EFFECTIVENESS AND RESILIENCE OF THE MONTESINOS NETWORK MAKE A SUCCESSFUL MILITARY REBELLION UNLIKELY THROUGH 1993. UNLESS TEMPERED WITH PAY RAISES OR OTHER CONCESSIONS, HOWEVER, FUJIMORI'S HANDLING OF THE MILITARY COULD THREATEN THE ALREADY SAGGING COUNTERINSURGENCY CAMPAIGN.

E. ~~(S/NF/WW/N)~~ THE ALLEGED RELATIONSHIP BETWEEN MONTESINOS AND U.S. INTELLIGENCE COULD BE ESPECIALLY DAMAGING TO U.S./PERUVIAN RELATIONS, UNDERMINING MILITARY, TO-MILITARY RELATIONS AND COUNTERDRUG COOPERATION.

2. (U) THE GROWING RIFT

A. ~~(S)~~ THE 13 NOVEMBER 1992 COUP ATTEMPT HIGHLIGHTED THE RIFT THAT HAS GROWN BETWEEN PRESIDENT ALBERTO FUJIMORI AND THE MILITARY SINCE THEIR COLLABORATION IN THE 5 APRIL AUTOCOUP. \$ ALTHOUGH ONLY KEY MILITARY OFFICIALS WERE CONSULTED BEFOREHAND, ARMY SUPPORT FOR THE AUTOCOUP HAD BEEN WIDESPREAD. TO GAIN SUPPORT, FUJIMORI IMPLICITLY PROMISED AGGRESSIVE POLICIES TOWARD THE COUNTERINSURGENCY, PAY RAISES FOR THE OFFICER CORPS, AND POLITICAL-ECONOMIC REFORMS. WITH THE HELP OF HIS SHADOWY DE FACTO NATIONAL INTELLIGENCE ADVISER, VLADIMIRO MONTESINOS, THE AUTOCOUP CEMENTED FUJIMORI'S HOLD ON POWER. ALL POTENTIAL INSTITUTIONAL ADVERSARIES WERE UNDERMINED -, WITH THE NOTABLE EXCEPTION OF THE PERUVIAN ARMY. SIX MONTHS AFTER THE AUTOCOUP, HOWEVER, DISPARATE ELEMENTS WITHIN THE ARMY FELT COMPELLED TO REBEL.

\$(U) FUJIMORI DISBANDED WHAT HE CONSIDERED AN OBSTRUCTIONIST CONGRESS AND A CORRUPT JUDICIARY IN AN AUTOCOUP ON 5 APRIL 1992.

B. ~~(S/NF)~~ PRIOR TO 13 NOVEMBER, THE ARMY HAD TRADITIONALLY ACTED AS A SINGLE DECISIVE POWER BROKER IN PERUVIAN POLITICS. HOWEVER, THE COUP ATTEMPT REVEALED A BREAK IN THE ARMY'S TRADITIONAL HIERARCHICAL DISCIPLINE. RETIRED ARMY GENERALS LED THE ATTEMPT, WITH HEAVY PARTICIPATION BY MID-LEVEL INFANTRY OFFICERS. NOTICEABLY ABSENT WERE ACTIVE, DUTY ARMY GENERALS AND KEY COMBAT UNITS IN THE LIMA AREA. THE EXCEPTIONAL BREACH IN ARMY UNITY OCCURRED DESPITE THE ARMY LEADERSHIP'S SUPPORT OF FUJIMORI POLICIES, THE WIDELY SUPPORTED REORIENTATION OF THE MILITARY TOWARD THE INTERNAL THREAT, AND THE DECAPITATION OF SENDERO LUMINOSO -- THE ARMY'S PRIMARY INSURGENT FDE.

C. ~~(S/NF/WW/N)~~ THE PRIMARY CAUSE OF THE NOVEMBER COUP ATTEMPT WAS THE UNPRECEDENTED INVOLVEMENT BY FUJIMORI AND, PARTICULARLY, MONTESINOS IN MILITARY PROMOTIONS, COMMAND ASSIGNMENTS, AND FORCED RETIREMENTS. THIS INVOLVEMENT IS PART OF A DELIBERATE GOVERNMENT STRATEGY SPECIFICALLY AIMED AT STRENGTHENING FUJIMORI'S HOLD ON

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POWER BY GAINING CONTROL OF THE TRADITIONAL AND POLITICALLY INDEPENDENT ROLE OF THE ARMY. CONTROLLED BY MONTESINOS, THIS STRATEGY HAS THREE PRIMARY ELEMENTS: CONTROL OF MILITARY PROMOTIONS, PLACEMENT OF PROVEN LOYALISTS IN KEY MILITARY COMMANDS, AND THE ESTABLISHMENT OF AN INTERNAL SECURITY APPARATUS FOCUSED ON SUSTAINING THE FUJIMORI REGIME.

D. (~~S/NF/WN~~) THIS STRATEGY HAS CAUSED A GROWING DICHOTOMY WITHIN THE OFFICER CORPS -- INTENSE AND GROWING HOSTILITY TOWARD MONTESINOS AND, TO SOME DEGREE, FUJIMORI, BUT CONTINUED SUPPORT BY A MAJORITY OF OFFICERS FOR FUJIMORI'S POLICIES. MONTESINOS IS SEEN AS A MINISTER INFLUENCE ON FUJIMORI AND A GROWING THREAT TO THE ARMY'S INSTITUTIONAL VIABILITY. IN CONTRAST, MOST OFFICERS FEEL FUJIMORI IS TAKING THE COUNTRY IN THE RIGHT DIRECTION, ESPECIALLY WITH POLITICAL AND ECONOMIC REFORM AND THE INCREASED EMPHASIS ON COUNTERINSURGENCY. FUJIMORI'S POPULARITY HAS ALSO INSULATED HIM FROM THE SPREADING DISCONTENT IN THE MILITARY. THE PROBABLE AIMS OF THE NOVEMBER COUP ATTEMPT SUGGEST A HIGHER LEVEL OF HOSTILITY TOWARD MONTESINOS: THE CAPTURE OF FUJIMORI AND ARMY COMMANDER GENERAL NICOLAS DE BARI HERMOZA RIOS, BUT THE ASSASSINATION OF MONTESINOS'

E. (~~S/NF/WN~~) GENERAL HERMOZA WAS ONCE REGARDED AS AN EFFECTIVE LEADER AND A TRUSTEE OF THE "INSTITUTION" OF THE ARMY. THE OFFICER CORPS, ESPECIALLY THE MID,LEVEL AND JUNIOR OFFICERS, NOW VIEW HERMOZA AS HAVING BOWED TO POLITICAL PRESSURE AND ADOPTED A SUBORDINATE POSITION TO MONTESINOS. HERMOZA'S OWN STAFF TOLD HIM IN JANUARY THAT HE WAS OUT OF TOUCH WITH THE OFFICER CORPS, AND MANY OFFICERS NO LONGER SUPPORT HIM. THE OFFICERS ARE PARTICULARLY UPSET THAT HERMOZA ALLOWED THE CIVILIAN **NATIONAL INTELLIGENCE SERVICE (SIN)**, UNDER THE DIRECTION OF MONTESINOS, TO TAKE CONTROL OF THE NOVEMBER COUPISTS. THIS ULTIMATELY RESULTED IN THE COUPISTS' INCARCERATION AT A CIVILIAN PRISON,\$\$ AND THEIR ALLEGED TORTURE BY MONTESINOS. THE CONTINUED PROMOTION OF MONTESINOS' FAVORITES HAS ALSO ERODED HERMOZA'S CREDIBILITY AS CDMMANDER, AND HE IS PERCEIVED AS HAVING BEEN RELEGATED TO THE ROLE OF A MONTESINOS CRONY. HERMOZA'S FAILURE TO PROTECT FELLOW OFFICERS EQUATES TO A FAILURE TO GUARD THE INSTITUTIONAL INTEGRITY OF THE ARMY.

\$\$ (~~e~~) SEVERAL ARMY OFFICERS ACCUSED OF PARTICIPATING IN THE NOVEMBER COUP ATTEMPT WERE INITIALLY INCARCERATED AT CANTO GRANDE , - A CIVILIAN PRISON POPULATED BY TERRORISTS, DRUG TRAFFICKERS, AND COMMON CRIMINALS. INTENSE PUBLIC PRESSURE FORCED THE FUJIMORI REGIME IN LATE DECEMBER TO MOVE THE ALLEGED COUPISTS TO MILITARY

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DETENTION FACILITIES.

3. (U) AFTER THE COUP ATTEMPT

A. ~~(S/NF)~~ THE RELATIONSHIP BETWEEN THE MILITARY AND THE FUJIMORI REGIME SINCE THE NOVEMBER COUP ATTEMPT HAS WORSENERED CONSIDERABLY. NOT OF THE UNDERLYING CAUSES OF THE COUP ATTEMPT HAS BEEN ADDRESSED. IN ADDITION, MONTESINOS AND **SIN** HAVE ALIENATED EVEN MORE PREVIOUSLY LOYAL ARMY OFFICERS. BROWBEATEN BY FUJIMORI TO NO LONGER TREAT COUPISTS AS "WHITE COLLAR" CRIMINALS, A MILITARY COURT GAVE THE REBELLIOUS OFFICERS RELATIVELY HARSH SENTENCES. ALLEGATIONS OF MANIPULATION OF EVIDENCE, PHONE TAPS, DETENTIONS, TORTURE, AND INCARCERATION IN A CIVILIAN PRISON HAVE ALSO SUBSTANTIALLY INCREASED THE MILITARY'S HOSTILITY. IN RESPONSE, FUJIMORI APPEARS OBSESSED WITH SECURITY AND REPORTEDLY HAS STARTED SPENDING MUCH OF HIS TIME AT **SIN** HEADQUARTERS.

B. ~~(S/NF)~~ OVER THE LONGER TERM, ONE OF FUJIMORI'S PRIMARY OBJECTIVES IS TO NEGATE THE ARMY'S TRADITIONAL ROLE AS THE ARBITER OF POWER IN PERUVIAN POLITICS. HOWEVER, FUJIMORI REALIZES HIS GRIP ON POWER IS HEAVILY DEPENDENT ON THE ABILITY OF **SIN** AND MONTESINOS TO MAINTAIN CONTROL OF THE ARMY. THE PRESIDENT'S DECLARATION IN JANUARY THAT HE HAS "1,000 PERCENT" CONFIDENCE IN MONTESINOS SHOWS FUJIMORI'S CONVICTION THAT HIS BEST WEAPON OVER THE ARMY REMAINS THE APPARATUS BUILT BY MONTESINOS. FUJIMORI'S CONFIDENCE THAT HIS INTELLIGENCE NETWORK CAN UNEARTH CONSPIRATORS PROBABLY HAS FUELED HIS DETERMINATION TO REWRITE THE RULES OF PERUVIAN POLITICS. ONCE THE ARMY IS COMPLETELY NEUTRALIZED, FUJIMORI'S STAYING POWER BEYOND 1995 WILL BE DETERMINED BY HIS POPULARITY (CURRENTLY ABOVE 60 PERCENT), THE STATE OF THE PERUVIAN ECONOMY, AND THE EMERGENCE OF A CREDIBLE ALTERNATIVE LEADER.

4. (U) MONTESINOS OVERPOWERS THE MILITARY

A. ~~(S/NF/AVN)~~ FROM FUJIMORI'S INITIAL GROUP OF ADVISERS, ONLY MONTESINOS RETAINS SUBSTANTIVE INFLUENCE UPON PRESIDENTIAL DECISIONMAKING. AS FUJIMORI'S RIGHT ARM, MONTESINOS DOMINATES THE ONLY GROUP THAT CAN THREATEN FUJIMORI. MONTESINOS, OVER THE PAST 2 YEARS, HAS PURGED THE MILITARY OF THOSE WHO WOULD OPPOSE FUJIMORI, AND ON THE PROCESS, HAS FACTIONALIZED THE ARMY. MONTESINOS' INTERFERENCE WITH MILITARY AUTONOMY DATES BACK TO FUJIMORI'S INAUGURATION IN JULY 1990. USING HIS INSIDER KNOWLEDGE, MONTESINOS DRAFTED SEVERAL DRACONIAN PRESIDENTIAL DECREES THAT DEALT DIRECTLY WITH WHAT PREVIOUSLY HAD BEEN INTERNAL MILITARY MATTERS. THE MOST CRUCIAL DECREES GAVE THE PRESIDENT CONTROL OVER THE SELECTION AND THE LENGTH OF SERVICE OF MILITARY COMMANDERS AND PERMITTED THE

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PRESIDENT TO REMOVE OFFICERS BELOW THE RANK OF GENERAL. THE OFFICER CORPS CONSIDERS PROMOTIONS AND ASSIGNMENTS TO BE AN INTERNAL MILITARY MATTER, WITH CANDIDATES SUBSEQUENTLY APPROVED OR REJECTED BY THE EXECUTIVE AND LEGISLATIVE BRANCHES. HOWEVER, THE NEW DECREES MEANT THAT COMMANDERS WOULD NO LONGER BE SELECTED SOLELY ON SENIORITY AND CLASS RANK, NOR WOULD THEIR COMMAND BE AUTOMATICALLY LIMITED TO 1 YEAR. INSTEAD, THEY NOW SERVE AT THE PLEASURE OF THE PRESIDENT.

B. ~~(S/NF/WW)~~ WITH THE HELP AND INFLUENCE OF MONTESINOS, FUJIMORI HAS STEADILY ERODED THE MILITARY'S AUTONOMY, INSTITUTIONAL COHESION, AND INFLUENCE ON INTERNAL PERUVIAN AFFAIRS. MONTESINOS FURNISHED THE PERSONAL KNOWLEDGE, METHODS, AND CONTACTS TO CARRY OUT THE SUBJUGATION OF THE MILITARY. A FORMER ARTILLERY OFFICER, MONTESINOS REDIRECTED THE PROMOTION PROCESS AWAY FROM THE HISTORICAL DOMINATION OF THE CAVALRY BRANCH TOWARD HIS FORMER ARTILLERY COMPATRIOTS. IN ADDITION, ARMY ACADEMY CLASSMATES, CRONIES, AND OFFICERS RELATED BY MARRIAGE TO MONTESINOS NOW DOMINATE CRITICAL MILITARY COMMANDS IN THE CAPITAL, KEY MINISTRIES, AND THE INTELLIGENCE APPARATUS.

C. ~~(S/NF/WW)~~ MONTESINOS' REAL POWER OVER THE MILITARY IS HIS AUTHORITARIAN CONTROL OF THE INTELLIGENCE APPARATUS. OSTENSIBLY THE HEAD OF ONLY THE **SIN** ADVISORY COMMITTEE, MONTESINOS IN TRUTH DOMINATES **SIN**, AND THE MILITARY AND PD/LICE INTELLIGENCE SERVICES AS WELL. THE INTELLIGENCE APPARATUS HAS GROWN SUBSTANTIALLY IN POWER AND INFLUENCE UNDER MONTESINOS. THIS CONTROL GIVES HIM ACCESS NOT ONLY TO INFORMATION, BUT ALSO TO PHYSICAL POWER. **SIN**, AND PARTICULARLY THE ARMY INTELLIGENCE SERVICE, HAVE ELITE TEAMS TRAINED AND EQUIPPED FOR SPECIAL OPERATIONS.

D. ~~(S/NF/WW)~~ THIS INTELLIGENCE APPARATUS WAS VITAL TO FUJIMORI IN THWARTING THE 13 NOVEMBER COUP ATTEMPT AND REMAINS THE SINGLE MOST EFFECTIVE COUNTER TO FUTURE ATTEMPTS. **SIN**'S INFILTRATION OF THE ARMY IS SO THOROUGH OFFICERS ARE AFRAID TO CRITICIZE MONTESINOS AND FUJIMORI, SINCE THEY NO LONGER KNOW WHO IS COLLABORATING WITH **SIN**.

E. ~~(S)~~ ALLEGATIONS OF TORTURE. MONTESINOS' ALLEGED PARTICIPATION IN THE TORTURE OF SEVERAL ARMY OFFICERS CHARGED WITH CONSPIRACY FOR THE 13 NOVEMBER COUP ATTEMPT HAS INFLAMED THE ARMY OFFICER CORPS, PARTICULARLY ITS LOWER RANKING MEMBERS. IN AN OPEN LETTER TO THE PRESS IN DECEMBER, THE IMPRISONED OFFICERS PROVIDED GRAPHIC AND DETAILED DESCRIPTIONS OF THEIR PSYCHOLOGICAL AND PHYSICAL ABUSE. SEVERAL OF THE CAPTIVES MAINTAIN MONTESINOS PARTICIPATED IN THEIR INTERROGATION AND TORTURE. THE GOAL OF THE

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TORTURE WAS TO EXTRACT CONFESSIONS AND EVIDENCE OF PROMINENT POLITICIANS' INVOLVEMENT IN THE ALLEGED COUP AND MURDER PLOTTING AGAINST FUJIMORI AND MONTESINOS. ALTHOUGH MONTESINOS' PARTICIPATION HAS NOT YET BEEN PROVED, BOTH ACTIVE-DUTY AND RETIRED BELIEVE THE ALLEGATIONS. THE ALLEGED TORTURE OF COUP PARTICIPANTS BY **SIN** IS CONSISTENT WITH OTHER REPORTS OF ROUTINE TORTURE BY THE FUJIMORI GOVERNMENT. AS A RESULT, SOME OFFICERS HAVE SWORN TO KILL HIM.

F. ~~(S/NF)~~ THE REVENGE FACTOR. MONTESINOS HAS ALSO USED HIS POSITION TO TAKE REVENGE ON ENEMIES PAST AND PRESENT. AS THE DE FACTO HEAD OF **SIN**, MONTESINOS HAS MERCILESSLY FIRED ANYONE WHO HAS GOTTEN IN HIS WAY. FORMER CHIEF OF ARMY INTELLIGENCE COLONEL RAFAEL EUGENIO CORDOVA RIVERA DIRECTLY ATTRIBUTED HIS FORCED RETIREMENT TO MONTESINOS. CORDOVA PLAYED A PROMINENT ROLE IN THE 1976 ESPIONAGE INVESTIGATION AGAINST THEN, ARMY CAPTAIN MONTESINOS. CORDOVA IS ONLY ONE OF SEVERAL OFFICERS WHO PREVIOUSLY ANTAGONIZED MONTESINOS AND SUBSEQUENTLY PAID THE PRICE. A MORE RECENT EXAMPLE IS THE SPURIOUS DEFAMATION SUIT BROUGHT AGAINST ENRIQUE ZILERI, THE OWNER/EDITOR OF THE INFLUENTIAL WEEKLY MAGAZINE CARETAS. FINED \$6,000 AND GIVEN A 6-MONTH SUSPENDED SENTENCE, THE ZILERI SUIT HAD A CHILLING EFFECT ON THE PERUVIAN PRESS AND DEMONSTRATED THE JUSTICE SYSTEM'S APPARENT PLIABILITY TO THE WILL OF FUJIMORI AND MONTESINOS.

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5. (U) BIOGRAPHY

A. ~~(S/NF/AVN)~~ A DISHONORABLE DISCHARGE, SUSPICION OF ESPIONAGE, A SECRETIVE NATURE, AND ALLEGED TIES TO THE DRUG TRADE AND U.S. INTELLIGENCE HAVE GIVEN VLADIMIRO MONTESINOS TORRES A SINISTER REPUTATION -- AND THE LABEL "RASPUTIN" BY THE PERUVIAN PRESS. A 1966 ARTILLERY GRADUATE FROM THE MILITARY ACADEMY, HE WAS APPOINTED IN 1973 AS CHIEF OF STAFF TO ARMY GENERAL MERCADO JARRIN, THE PRIME MINISTER UNDER THE REGIME OF MILITARY PRESIDENT JUAN VELASCO. HE REPORTEDLY PERFORMED BRILLIANTLY, RUNNING THE PRIME MINISTER'S OFFICE WRTH AN IRON FIST. IN 1976, HE TRAVELED TO THE UNITED STATES AT THE INVITATION OF THE U.S. EMBASSY. UPON HIS RETURN, HE WAS CHARGED WITH DESERTION AMID ALLEGATIONS THAT HE FORGED THE DOCUMENTS GRANTING ARMY APPROVAL FOR HIS TRIP. A GROUP OF RADICAL ARMY OFFICERS ACCUSED MONTESINOS OF SPYING FOR THE UNITED STATES, BUT NO FORMAL CHARGES WERE FILED. CONVICTED OF DESERTION BY COURT MARTIAL, HE WAS STRIPPED OF HIS COMMISSION AND SPENT OVER A YEAR IN PRISON.

B. ~~(S/NF/AVN)~~ IN 193, MONTESINOS AGAIN FACED MILITARY

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PROCEEDINGS WHEN CHARGED WITH TREASDN FOR SELLING DOCUMENTS TO THE UNITED STATES. MONTESINOS FLED PERU AND CROSSED THE BORDER INTO ECUADOR, WHERE HE WAS ARRESTED AND SUPPOSEDLY TORTURED BY ECUADORIAN SECURITY FORCES WHO SUSPECTED HIM OF ESPIONAGE. EVENTUALLY, THE CHARGES AGAINST HIM IN PERU AND ECUADOR WERE DROPPED, AND HE RETURNED TO LIMA IN 1985.

C. (S/NF/WN) UPON HIS RETURN, HE JOINED A LIMA LAW FIRM. HE ALLEGEDLY BECAME DEEPLY INVOLVED IN CASES DEFENDING SEVERAL PROMINENT NARCOTICS TRAFFICKERS AND CONTINUES TO BE INDIRECTLY ASSOCIATED WITH NARCOTICS,RELATED CORRUPTION. AFTER SUCCESSFULLY DEFENDING SEVERAL HIGH-RANKING POLICE AND MILITARY OFFICERS FROM BOTH NARCOCORRUPTION AND HUMAN RIGHTS ABUSE CHARGES, HE REGAINED HIS ACCESS TO THE MILITARY INNER CIRCLES. SOME OF THESE SAME OFFICERS ARRANGED FOR MONTESINOS' EVENTUAL HIRING BY FUJIMORI, INITIALLY TO HANDLE FAMILY LEGAL MATTERS. MONTESINOS SUBSEQUENTLY DEFLECTED ALLEGATIONS OF REAL ESTATE FRAUD DURING FUJIMORI'S PRESIDENTIAL CAMPAIGN. THROUGH HIS MILITARY AND LEGAL CONTACTS, MONTESINOS FURTHER INGRATIATED HIMSELF WITH FUJIMORI. MONTESINOS EVENTUALLY BECAME INDISPENSABLE TO FUJIMORI AND IS NOW THE SECOND MOST POWERFUL PERSON IN THE GOVERNMENT.

6. (S/NF/WN) THE MONTESINOS NETWORK. TO A LARGE DEGREE, MONTESINOS' CONTROL OF THE MILITARY RELIES HEAVILY ON LOYALISTS IN CRITICAL MILITARY AND INTELLIGENCE COMMANDS. THE FOLLOWING IS A LIST OF KNOWN CLASSMATES, RELATIVES, AND CRONIES IN KEY POSITIONS: GEN NICOLAS DE BARI HERMOZA RIOS, ARMY COMMANDER AND PRESIDENT OF THE JOINT COMMAND.

LT GEN TOMAS CASTILLO MEZA, COMMANDER, 2D MILITARY REGION, HQ LIMA.

LT GEN VICTDR MALCA VILLANUEVA (RET), MINISTER OF DEFENSE.

LT GEN LUIS PEREZ DOCUMET, COMMANDER, SPECIAL FORCES DIVISION, LIMA.

MAJ GEN ENRIQUE SAUCEDO SANCHEZ, COMMANDER, 18TH ARMORED DIVISION, LIMA.

COL LUIS CUBAS PORTAL, CHIEF OF STAFF, 18TH ARMORED DIVISION, LIMA.

LT GEN HOWARD RODRIGUEZ MALAGA, COMMANDER, 1ST MILITARY REGION, HQ PIURA.

LT GEN JULIO SALAZAR MONROE, DIRECTOR, **NATIONAL INTELLIGENCE SERVICE.**

LT GEN JUAN BRIONES DAVILA, MINISTER OF THE INTERIOR.

MAJ GEN LUIS CHACON TEJADA, DIRECTOR OF INTELLIGENCE, MINISTRY OF THE INTERIOR.

COL ENRIQUE OLIVEROS PEREZ, CHIEF, ARMY INTELLIGENCE.

ADM AMERICO IBARCENA AMICO, DIRECTOR, NAVAL INTELLIGENCE.

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GEN CARLOS DOMINGUEZ SOLIS, DIRECTOR, PERUVIAN NATIONAL POLICE,
DIRECTORATE OF COUNTER-TERRORISM.

GEN JORGE TORRES ACIEGO (RET), FORMER MINISTER OF DEFENSE AND
COMMANDER OF THE ARMY.

7. (U) OUTLOOK

A. ~~(C)~~ THE FUJIMORI, MONTESINOS STRATEGY HAS BEEN EXTREMELY EFFECTIVE THUS FAR AND WILL PROBABLY REMAIN EFFECTIVE THROUGH THE REMAINDER OF THE DECIDE. USING AN INTERNAL INTELLIGENCE NETWORK AND PLACING LOYALISTS IN KEY POSITIONS IS AN HISTORICALLY EFFECTIVE METHOD OF CONTRDLLING A REBELLIOUS MILITARY, - A LESSON NOT LOST ON MONTESINOS OR FUJIMORI. MONTESINOS HAS CAREFULLY CONSTRUCTED AN APPARATUS OVER SEVERAL YEARS THAT WILL BE DIFFICULT FOR THE MILITARY TO UNDERMINE. DESPITE THIS APPARATUS, FUJIMORI'S DENIGRATION OF THE ARMY AS PERU'S POLITICAL POWER BROKER WILL RESULT IN SOME TYPE OF REBELLION BEFORE THE END OF THIS YEAR. HOWEVER, ANY UPRISING WILL PROBABLY BE EFFECTIVELY CONTROLLED.

B. ~~(C)~~ FACTIONALISM WITHIN THE MILITARY HAS ALSO SIGNIFICANTLY REDUCED THE LIKELIHOOD OF A SUCCESSFUL COUP D'ETAT. THERE IS NO IDENTIFIABLE COUP LEADER, NOR IS ANYONE LIKELY TO CHALLENGE FUJIMORI, GIVEN HIS WIDESPREAD POPULARITY AND SUPPORT. THE PRESIDENT'S USE OF MONTESINOS TO SHIELD HIM FROM THE MILITARY HAS ALSO REDUCED THE PROSPECT OF A REBELLION AGAINST FUJIMORI -- BUT HAS INCREASED THE RISK TO MONTESINOS.

C. ~~(C)~~ THIS SAME FACTIONALISM, HOWEVER, HAS INCREASED THE LIKELIHOOD OF A BARRACKS REVOLT, A COLONELS' COUP, OR AN ASSASSINATION ATTEMPT. THE LARGER NUMBER OF PERSONNEL INVDLVED IN A BARRACKS REVOLT OR COLONELS' COUP MAKE IT MORE DETECTABLE BY INTERNAL SECURITY THAN AN ASSASSINATION ATTEMPT. SECURITY FORCES AND LOYAL MILITARY UNITS WOULD PROBABLY COUNTER EITHER LARGER EFFORT. IN ADDITION, SIN WOULD PROBABLY PREVENT AN ASSASSINATION ATTEMPT THAT WAS PART OF A LARGER REVOLT. HOWEVER, THE MONTESINOS SECURITY APPARATUS' COMPETENCE MAY LEAD TO THE DEVELOPMENT OF A VERY SMALL, DETERMINED GROUP OF OFFICERS WITH A LIMITED, BUT FEASIBLE, OBJECTIVE: MURDER MONTESINOS TO SAVE THE "INSTITUTION OF THE ARMY." MONTESINOS APPARENTLY IS AWARE OF THE PERSONAL DANGER AND NOW HAS 17 FULL, TIME BODYGUARDS.

D. ~~(C)~~ THE CHANCE OF MONTESINOS' ASSASSINATION IS ABOUT EVEN. HIS MURDER WOULD BE AN EXTREME BLOW TO FUJIMORI AND TO THE INTERNAL NETWORK MONTESINOS HAS EFFECTIVELY ESTABLISHED. HOWEVER, HIS LOSS WOULD NOT NECESSARILY MEAN DESTRUCTION OF THE APPARATUS BUILT BY FUJIMORI AND MONTESINOS TO DOMINATE THE ARMY. FUJIMORI COULD PROBABLY FIND A SUITABLE MANAGER TO PRESERVE THE KEY COMPONENTS OF

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THE MONTESINOS' NETWORK.

E. ~~(S/NF/WW)~~ ALTHOUGH LESS LIKELY, MONTESINOS' ENEMIES MAY ATTEMPT TO DRIVE HIM FROM PUBLIC SERVICE THROUGH A POSSIBLE CONNECTION TO THE BARRIOS ALTOS MASSACRE, \$\$\$ FOREIGN INTELLIGENCE /***** BEGINNING OF SECTION 004 *****/

ORGANIZATIONS, OR NARCOTICS CORRUPTION. THE MILITARY IS ALREADY CONVINCED THAT MONTESINOS IS TIGHTLY TIED TO A U.S. FOREIGN INTELLIGENCE SERVICE. USING SUCH ALLEGATIONS MAY BE PARTICULARLY EFFECTIVE. THE GOVERNMENT IS SENSITIVE TO ESPIONAGE CHARGES, GIVEN THE RECENT CASE IN WHICH A FORMER U.S. EMBASSY OFFICIAL PLEADED GUILTY IN A U.S. COURT TO SUPPLYING ECUADOR WITH CLASSIFIED INFORMATION ON THE OPERATIONAL CAPABILITY OF THE PERUVIAN ARMED FORCES. IF MONTESINOS IS REMOVED FROM POWER, IT IS MORE LIKELY TO BE BY FORCE THAN POLITICS. MONTESINOS' CONTROL OVER THE INTELLIGENCE APPARATUS AS WELL AS INFLUENCE IN THE JUDICIAL SYSTEM AND THE PRESS MAKE HIM A DIFFICULT TARGET FOR A SUCCESSFUL SMEAR CAMPAIGN.

\$\$\$ ~~(S/NF/WW/NO)~~ THE BARRIOS ALTOS MASSACRE ON 3 NOVEMBER 1991 INVOLVED 8 TO 12 MEN WHO ENTERED A PRIVATE HOME AND KILLED 16 PEOPLE USING SILENCED AUTOMATIC WEAPONS. A DECEMBER 1992 PERUVIAN MAGAZINE ARTICLE CLAIMED ARMY INTELLIGENCE CARRIED OUT THE MASSACRE UNDER THE SUPERVISION OF SEVERAL HIGH-RANKING GOVERNMENT OFFICIALS, INCLUDING MONTESINOS. OTHER CREDIBLE SOURCES ALSO REPORT ON THE ALLEGED TIE OF THE MASSACRE TO ARMY INTELLIGENCE; HOWEVER, NO PHYSICAL EVIDENCE CAN DIRECTLY TIE MONTESINOS TO THE KILLINGS.

8. (U) IMPLICATIONS FOR THE UNITED STATES

A. ~~(S)~~ THE LIKELIHOOD OF ANOTHER REBELLION BY ELEMENTS OF THE MILITARY PRIOR TO 1994 REVEALS THE UNDERLYING INSTABILITY OF THE PERUVIAN GOVERNMENT. ALTHOUGH THE EFFECTIVENESS AND RESILIENCE OF THE FUJIMORI/MONTESINOS APPARATUS MAKE A SUCCESSFUL MILITARY REBELLION UNLIKELY, PERU'S ABILITY TO ENTICE FOREIGN INVESTMENT WOULD BE SIGNIFICANTLY DAMAGED BY ANOTHER COUP ATTEMPT. AN INFUSION OF PRIVATE CAPITAL IS CRITICAL TO FUJIMORI'S PROMISE TO STIMULATE ECONOMIC GROWTH AND SERVICE THE NATIONAL DEBT. U.S. CITIZENS AND INTERESTS WOULD NOT BE SPECIFICALLY TARGETED IN ANOTHER COUP ATTEMPT, BUT THEY COULD BE CAUGHT IN THE INCREASED LEVEL OF VIOLENCE.

B. ~~(S)~~ THE GROWING HOSTILITY BETWEEN THE FUJIMORI REGIME AND THE MILITARY HAS SIGNIFICANT IMPLICATIONS FOR THE GROWTH OF DEMOCRACY IN PERU. THE DOMINATION OF THE MILITARY WILL PROBABLY CONTINUE THROUGHOUT THE FUJIMORI PRESIDENCY. ALTHOUGH THE REMOVAL OF THE ARMY AS THE DOMINATING FORCE IN PERUVIAN POLITICS APPEARS TO

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CREATE THE POTENTIAL FOR A STRONGER DEMOCRATIC SYSTEM, FUJIMORI IS TAKING THAT ROLE FOR HIMSELF -, FURTHER DEMONSTRATING THE AUTHORITARIAN NATURE OF HIS ADMINISTRATION. BARRING THE DEVELOPMENT OF TRULY INDEPENDENT LEGISLATIVE AND JUDICIAL BRANCHES, THE LACK OF CHECKS AND BALANCES IN THE GOVERNMENT WILL CONTINUE TO CREATE BOTH INTENTIONALLY AND UNINTENTIONALLY, JUDICIAL CORRUPTION, POLITICAL PERSECUTION, NARCOCORRUPTION, AND HUMAN RIGHTS ABUSES.

C. ~~(S)~~ THE BREAKING OF THE MILITARY WILL, AT LEAST IN THE SHORT TERM, REDUCE MORALE TO DANGEROUSLY LOW LEVELS. REELING FROM ABYSMAL SALARIES, A CHANGING MISSION, AN INSURGENCY WAR, AND SEVERE ECONOMIC HARDSHIPS, THE ARMY'S POLITICAL NEUTRALIZATION COULD POTENTIALLY UNDERMINE POSITIVE EFFORTS RECENTLY TAKEN IN COUNTERINSURGENCY AND COUNTERDRUGS. LOW MORALE COULD ALSO LEAD TO GROWING DISCIPLINARY PROBLEMS AND INCREASED NARCOCORRUPTION. IN ADDITION, FRUSTRATED ARMY AND NAVY COMMANDERS IN THE INTERIOR WILL BE LESS LIKELY TO PAY MORE THAN LIP SERVICE TO CALLS FOR HUMAN RIGHTS IMPROVEMENTS.

D. ~~(S/NF/WW/NO)~~ THE ALLEGED RELATIONSHIP BETWEEN MONTESINOS AND U.S. INTELLIGENCE COULD BE ESPECIALLY DAMAGING TO U.S.-PERUVIAN RELATIONS. REGARDLESS OF THE TRUTH, THE PERUVIAN MILITARY BELIEVES THE ALLEGATIONS. SENIOR PERUVIAN MILITARY OFFICERS ALREADY HAVE BEGUN TO QUESTION WHETHER TO TRUST THEIR U.S. COUNTERPARTS, FEARING A COMPROMISE OF INFORMATION WILL RESULT IN REPRISALS FROM MONTESINOS. THIS CAN UNDERMINE MILITARY-TO-MILITARY RELATIONS AND COUNTERDRUG COOPERATION.

9. (U) THIS REPORT CONTAINS INFORMATION AS OF 20 APRIL 1993.

QUESTIONS AND COMMENTS SHOULD BE ADDRESSED TO (b)(3):10 USC 424

10. (U) CLASSIFIED BY MULTIPLE SOURCES.

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