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Office Memorandum • UNITED STATES GOVERNMENT

TO : C/AE/CPS

DATE: 7 July 1961

FROM : G. Droller

SUBJECT: Tony Varona

1. I understand that the question of our past \$900 per month subsidy to Mr. Varona has come up for discussion recently. The following might be useful to you as background information.

2. Varona arrived in the United States on or about 4 May 1960 and saw Mr. [Willard Carr] on 9 May of that year. During this 9 May meeting and a meeting on the following day between [Carr] the under-03 signed and Varona, the latter alluded repeatedly to the fact that he had been promised in Havana by Mr. [Jim Doel] not only support for his operational plans but also support for his personal needs. Varona reiterated that he was absolutely broke and it was essential that he have some income from some source. On 12 May 1960, Varona saw [Carr] 03 alone and again made a pitch for some personal money. On or about 20 May, the question as to whether or not we should aid Varona under the table, so to speak, was raised here in Headquarters with Mr. Esterline. It was decided to support Varona with \$900 per month -- a sum Varona had requested. Out of this \$900, Varona would give \$200 to his chauffeur/body guard, Francisco Layas. It may be well to recall that the rationale for this decision at that time was that Mr. Varona was the key person and possible key figure of the centralized anti-Castro organization we were to form. As of 1 June 1960 and up through November of that year, Varona was paid \$900 per month by "BENDER check." From November 1960 through March 1961, Varona was paid directly by Mr. Edward Hunt in Miami in cash. April and May 1961 payments were made once again by "BENDER check" from Headquarters. No payments have been made for the months of June or July 1961 because it was felt that with Miro Cardona's assumed leadership position it would be unwise and perhaps unnecessary to continue these "private payments", which -- by the way -- were in addition to a salary Varona drew from the FRD.

3. Varona seems to be hard pressed for money at this time, especially since he is now separated from his wife who, as I understand, controls his checking account.

4. As of 3 July 1961, I was of the opinion that we should not pay Varona anything more under the table, but in view of the Special Group decision, if I am correctly informed, of encouraging our dealings with numerous Cuban groups and personalities, it might be wise to keep in touch with Varona for some time and pay him some reasonable amount as nothing cements friendships better than money.

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