

President Kennedy Balked C.I.A. Plot On Russian Sugar

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Discussions here about the use of nausea-inducing gas in Vietnam have brought to light the story of an ingenious scheme by which the White House once nullified the use of a totally different kind of chemical agent on some sugar bound for the Soviet Union.

It is the story of how former President John F. Kennedy outraged the Soviet Government by conspiring in the detention of a British ship with cargo from Cuba so as to undo a successful sabotage operation of the Central Intelligence Agency.

It is a Caribbean melodrama involving mysterious shipboard fires and hijacked sacks of sugar, bitter court battles and angry diplomatic messages, all against the background of the Cuban missile crisis of 1962.

The story is 30 months old but not completely ended. At least one attorney in Puerto Rico is still being sued by Moscow for damages in the affair.

Part Played by a Reef

There is no direct relationship to gas and Vietnam, but the story has been recalled here amid talk about the various kinds of unorthodox weapons that occasionally pose special problems for Washington.

It began Aug. 22, 1962, when the British freighter *Streatham Hill*, under lease to a Soviet agency, managed to make her way into San Juan harbor in Puerto Rico for emergency repairs after she has damaged her propeller on a reef.

The 7,130-ton vessel was carrying 80,000 sacks of Cuban sugar to the Soviet Union on one of the then regular commercial runs by Western ships infuriating to the Kennedy Administration. The freighter had a crew of 44, eleven Britons and 33 Chinese with Hong Kong identification papers.

Puerto Rican authorities refused to allow the Chinese ashore, fearing they were from Communist China. They had been similarly restricted in Cuba, where it was feared they were Chinese nationalists.

Some Sugar Was Landed

But 14,135 of the 80,000 bags of sugar came ashore, allegedly to permit the making of ship repairs. They were placed in bond in a customs house, because Cuban products could not be "imported" into the United States territory.

As the freighter lay in port for several weeks, either before or after some of her cargo was hauled ashore, one or more United States agents managed to get to some of the sugar to apply a substance that would spoil its taste and usefulness. It is said to have been an essentially harmless substance, not likely to inflict injury, but certain to arouse serious dissatisfaction among Soviet consumers.

How many sacks were actually tampered with is not known, but subsequent developments indicate that most, if not all, of the adulterated sugar was among the sacks in the warehouse.

The purpose of this chemical sabotage is said to have been to damage an expensive cargo, to arouse Soviet suspicions about the quality of Cuban sugar, to create discord between Soviet and Cuban authorities and, possibly, to discourage shippers from providing services likely to lead to disputes, recriminations and, perhaps, even suspicions of sabotage.

Precedent Was Feared

The operation appeared to have been a success, and the *Streatham Hill* was preparing to reclaim the adulterated sugar and resume her voyage on Sept. 19 when President Kennedy learned of the sabotage.

He is said to have been angered by the plot and fearful not only of injury to Soviet consumers but also of setting a dreadful precedent in chemical sabotage.

Sometime in early September, therefore, the order went out from Washington: The contaminated sugar must not leave United States territory. Intelligence agents, harbor authorities, customs officials and Government attorneys were put on the job, and thus began the intrigue to undo an intrigue.

Now it was done is clear from the recollection of informants here, in San Juan and Miami and from news reports at the time. But exactly who played what role, wittingly or unwittingly, could not be learned.

On Sept. 18, 1962, a man named Terry Kane and some associates from Miami appeared in the Superior Court of Puerto Rico to contend that the sugar in the warehouse belonged to Cuba and ought to be seized as compensation for the Cuban Government's debt to them.

Compensation Sought

A year earlier, they had obtained a judgment in a Dade County court in Florida that Premier Fidel Castro's regime owed them \$833,978.12 for the seizure of a farm machinery business in Havana. They had been trying ever since, without success, to attach Cuban planes, ships and properties that found their way into the United States.

Mr. Kane said it was his own idea to go after the sugar in San Juan. What encouragement he had from Washington was not clear. But on Sept. 19, "just as the *Stratham Hill* was

about to reload its cargo and depart," according to court records, the Puerto Rican court issued a writ of attachment against the warehouse sugar.

The next day, with the freighter still in drydock, the remaining sugar on board was ordered impounded and held for a possible settlement of the debts due to Mr. Kane and his associates. What is more, a fire of undisclosed origin broke out in the hold of the freighter, bringing two fire companies aboard.

Whether some of the on-board cargo had been tampered with and had to be replaced or damaged by water is not clear.

But apparently, President Kennedy's orders had then been carried out. There followed a long series of diplomatic and court bouts. But the United States was prepared to let the *Streatham Hill* sail as long as the warehouse sugar remained behind.

On Sept. 22 the Soviet Government sent the United States an angry note, demanding immediate release of the cargo, reimbursement for the damage and assurances against a repetition of such "unlawful" procedures.

Soviet Protested Sharply

The State Department said American courts were independent and told the Soviet Union to seek legal rather than diplomatic redress.

On Oct. 14 Moscow sent another strong protest, but by this time it had also filed action in Federal court in Puerto Rico for release of the warehouse cargo and at least \$1 million in damages.

Two days later the United States discovered the construction of Soviet missile bases in Cuba, and for a tense two-week period attentions were turned elsewhere.

The Federal court ruled that the sugar rightfully belonged to a Soviet importer and not to the Cuban Government and that it could not be used to settle a Cuban debt. But the agent for the Puerto Rican Commonwealth Court appealed the ruling, and the warehouse cargo was not released.

Finally, on Nov. 11, after 85 days in port and possibly further unofficial intervention from Washington, the *Streatham Hill* sailed, leaving behind the 14,135 sacks of sugar and a tangle of law suits.

On July 25, 1963, the United States Court of Appeals in Boston ruled that the Federal court in San Juan had had no right to dispose of sugar then in the custody of the Commonwealth Court.

This forced the Soviet im-

porter to return to the Commonwealth Court to try to assert his ownership of the sugar that had been left behind and to claim damages. That case, according to a San Juan attorney, is still pending.

Mr. Kane and his associates say they have given up expensive court battles against Cuba, and they are bitter about what they believe has been Washington's lack of interest in their case. It is their impression that the sugar in the warehouse was finally sold to pay for storage fees, but they never found out the identity of the buyer.