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By [Signature], NARA, Date 7-20-94

1. Information available indicates McClellan hearings to start about first of August and that opener will be case of La Thanh Nghe. Belief here is that Committee intends to press hard on issue of La Thanh Nghe as recent member of Cabinet and presently candidate for high elective office by disclosing history of his collusion with Olin Mathison, American Cyanamid, Sherer and Schearing and proven arrangement of kickbacks and side payments from them. ^{intends} Allegedly committee deliberately ~~intends~~ hold hearings before Sept. elections for maximum publicity.
2. We know Committee in possession of information that refunds totaling over \$700,000 have been obtained through claims or legal action from the above four firms in transactions involving Pharmacie La Thanh, a sole proprietorship of La Thanh Nghe.

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Refunds based on kickbacks from supplier to La Thanh which were deposited to his account outside Vietnam. Committee also has information on commissions paid by U.S. suppliers to Vinamyd (60% ownership in hands of La Thanh Nghe) on which AID is preparing bills of collection for improper payments. Further, Committee has documentary evidence that American Cyanamid has made deposits to Swiss Bank accounts of La Thanh Nghe and his brother La Thanh Trung who incidentally is partner with Nghe in Pharmacie Van Lang Doc Vien. In addition Committee has obtained information on transactions between U.S. suppliers and Viet-Nam Duoc Hoi (a company in which La Thanh Nghe is principal stockholder). (No refund being sought.)

3. Largest transactions involving La Thanh occurred in years 1963 and earlier. Some already public knowledge as result successful criminal presentation of Olin Mathieson here. There are some past-1963 transactions, at least one as late as June 27, 1966. Some of these involved payments outside of Vietnam (either to La Thanh as agent for Vinamyd or La Thanh Trung or to Vinamyd or Trung as agent for La Thanh). Are checking on how payment made in other cases.

4. Would appreciate information as to what action GVN took re La Thanh as result of Olin Mathieson and other 1963 cases, whether La Thanh ever required to repatriate illegal payments, and whether he ever paid any fine or served any sentence. Would also appreciate information as to whether he or affiliates has repatriated any commission payments made outside country since 1963.

5. With public information already at hand and additional evidence such as above, there is little doubt that Committee can develop sensational public image of La Thanh Nghe if they wish. Another possible line of attack may be disclosure

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of fact that some pharmaceuticals found in VC caches have been traced back to La Thanh. Evidence on this aspect, however, is sparse, and only one case has been identified with La Thanh Nghe since August 1966.

6. We understand Nelson Committee may look into pharmaceutical imports into Viet-Nam financed by AID but probably only as part of general pharmaceutical survey.

7. Re possible Bui Diem involvement in hearings, information available here indicates company (records here mention CIEGECO as name of company concerned rather than COGIDO) of which he is major stockholder suspended May 1966 from import license list for fraudulent importation of substandard brickmaking machines. GVN customs fined company 2.8 million piasters, which company now paying off. Company is still suspended. We understand case received considerable local publicity in Saigon press but we are not aware of any here, although it may well be that Rowan intends make public re-hash. We have no rpt no specific knowledge here that committee will pick up this case.

8. Agree it would be desirable for you to speak to Ky and Thieu about this matter, if only to alert them thereby of what is coming. They should understand this is business of legislative branch U.S. Government, over which executive exerts minimal influence on matters such as these.

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