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*Furnish this exhibit for EACH foreign principal listed in an initial statement  
and for EACH additional foreign principal acquired subsequently.*

1. Name and address of registrant	Susan Davis International 1146 19th Street, NW Suite 700 Washington, DC 20036	2. Registration No.  3444
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3. Name of foreign principal  Partido Nacional de Honduras	4. Principal address of foreign principal Avenida Republica Dominicana Apdo. Postal No. 3467 Tegucigalpa, Honduras C.A.
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5. Indicate whether your foreign principal is one of the following type:

Foreign government

Foreign political party

Foreign or  domestic organization: If either, check one of the following:

<input type="checkbox"/> Partnership	<input type="checkbox"/> Committee
<input type="checkbox"/> Corporation	<input type="checkbox"/> Voluntary group
<input type="checkbox"/> Association	<input type="checkbox"/> Other (specify) _____
<input type="checkbox"/> Individual—State his nationality _____	

6. If the foreign principal is a foreign government, state:

a) Branch or agency represented by the registrant.

b) Name and title of official with whom registrant deals.

7. If the foreign principal is a foreign political party, state:

a) Principal address	a) Avenida Republica Dominicana Apdo. Postal No. 3467 Tegucigalpa, Honduras C.A.
b) Name and title of official with whom registrant deals.	b) Juan Cueva
c) Principal aim	c) The foreign principal's aim is to have their candidate, Rafael Callejas, win the election for President of Honduras.

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8. If the foreign principal is not a foreign government or a foreign political party,

a) State the nature of the business or activity of this foreign principal

b) Is this foreign principal

Owned by a foreign government, foreign political party, or other foreign principal ..... Yes  No

Directed by a foreign government, foreign political party, or other foreign principal..... Yes  No

Controlled by a foreign government, foreign political party, or other foreign principal ..... Yes  No

Financed by a foreign government, foreign political party, or other foreign principal ..... Yes  No

Subsidized in whole by a foreign government, foreign political party, or other foreign principal..... Yes  No

Subsidized in part by a foreign government, foreign political party, or other foreign principal..... Yes  No

9. Explain fully all items answered "Yes" in Item 8(b). *(If additional space is needed, a full insert page may be used.)*

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

Date of Exhibit A

Name and Title

Signature



**INSTRUCTIONS:** A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances, by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant Susan Davis International	Name of Foreign Principal Partido Nacional de Honduras
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Check Appropriate Boxes:

1.  The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach two copies of the contract to this exhibit.
2.  There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach two copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
3.  The agreement or understanding between the registrant and foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

A "Letter of Agreement" was signed by Susan Davis, President, SDI, and Mauro Membreno, Partido Nacional de Honduras, stipulating the terms and conditions of services to be provided.

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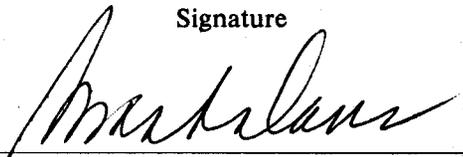
5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

Providing advice and counsel for Rafael Leonardo Callejas, the National Party leader in Honduras, on Congressional relations and international media activities.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?<sup>1</sup>  
Yes  No

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

Activities include research and advocacy for the election of Rafael Leonardo Callejas, National Party leader in Honduras, to Congress and the government-at-large. Periodic fact sheets are disseminated to Congress and selected media.

Date of Exhibit B	Name and Title	Signature
		

<sup>1</sup> Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

August 2, 1989

VIA FAX

Mauro Membreno  
c/o Centro de Estudios  
Economicos Politicos Y  
Sociales Juan Manuel Galvez  
Lomas del Guijarro  
Avenida Republica Dominicana  
Apdo. Postal No. 3467  
Tegucigalpa, Honduras C.A.

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Dear Mauro:

It was so nice to have the opportunity, finally, to meet you last week in Tegucigalpa. The meetings were extremely helpful, and, as always, it is exciting to see Rafael Leonardo in action. The mood of the people, not only in the campaign but on the streets, points to a much needed change of direction for the country. We are very much looking forward to helping you make that change -- during the election, the transition and beyond.

As was discussed and agreed upon with Rafael Leonardo, our role would be advice and counsel on the following:

1. "Positioning" Callejas, through the development of themes and messages, with the media, elected officials and policy makers worldwide, immediately before the election, as well as during the transition.
2. Creating and implementing an international media plan for the months prior to the election that will assure that "positioning." This will include a strategy on how to use speech and/or debate materials; special events (IDU election, CEPS policy announcement); campaign platforms, etc.

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3. Developing and implementing a plan to establish additional credibility for Callejas by better educating those policy-makers he will immediately have to negotiate with . . . . this includes people within the U.S. Administration; the Congress; the international financial community; etc. This will supplement all other efforts to establish Callejas as the new regional leader in Central America.
4. Planning the first series of announcements, special events and press conferences immediately following the election to insure that they are staged properly to attract the proper domestic and international attention; that the appropriate information is presented in the proper sequence and that the media most important to the proper "positioning" are handled correctly and with consideration. We will also be providing advice and counsel on the way to provide information to the major U.S. media, as well as to worldwide news organizations which might not normally be in Honduras for the election or transition period.
5. Developing an international media relations plan for the transition. This will include working on substantive Callejas articles to appear in the more thoughtful magazines in the region and the U.S.; cover stories in the popular American and worldwide press; photo histories for appropriate publications; and extensive use of American and worldwide television interview programs and feature shows highlighting the election of Callejas.
6. Developing a plan for the first U.S. visit. (My personal opinion is that this should be a State Visit with all the honor given to a Head of State who will be the new regional leader in Central America). Callejas' first visit to the U.S. as the President of Honduras should be utilized to send the right messages to policymakers in the U.S., Central America and throughout the world. In addition to the standard events and meetings with the President and Cabinet, the trip should include public and private meetings with Congressional leaders, a number of highly visible appearances; and, of course a major address before the National Press Club.

7. Creating a strategy for the First 100 Days, both domestically and internationally, and then designing a plan to appropriately communicate it. What "broad strokes" can Callejas use immediately? What major decisions can be taken that can communicate the right messages both domestically and internationally? What steps need to be taken and communicated to "take over" the regional role? What messages need to be communicated to the country's important trading partners?

One important set of considerations for the First 100 Days should be a discussion of foreign visitors who you will want Rafael Leonardo to meet with after the election, in what sequence and from what countries. You must also consider which foreign government leaders he calls, in what order and with what message. And, of course, which international media he meets with and in what sequence; what editors, publishers and broadcasters should be given exclusive interviews; what business and labor leaders should be granted audiences and in what order.

All of this should be designed to demonstrate that Callejas is a leader prepared to take on the difficult tasks not only of his country but of the region as well. Callejas should be seen throughout the region, the U.S. and other worldpowers, as providing the new leadership necessary for economic growth and increased political stability.

This proposed plan of action covers broadbased strategy from now through the First 100 Days. Once the election is past, we can begin to discuss other areas in which we can be of assistance. For now, the strategy should be to focus on "positioning"; on "educating" targeted individuals; and on planning for the transition and the First 100 Days in order to assure Callejas the strong credible base from which to start his Administration; the all-important appropriate domestic and worldwide media attention; and the title of new regional leader. In doing so, it will be very important not to raise expectations that can't be met. The strategy should assure a series of immediate successes, even if they are small and largely symbolic.

Mauro Membreno  
August 2, 1989  
Page Four

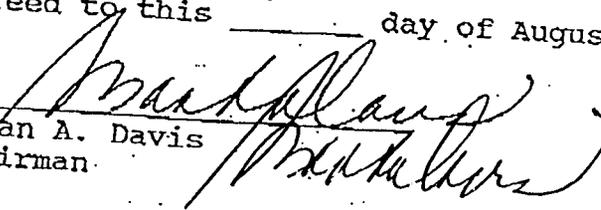
We propose a \$8000 per month fee, plus expenses, for the months September through November; \$11,000 per month, plus expenses, for December and January; and \$15,000 per month, plus expenses, for February through May, 1990.

We will plan to be in Honduras at least once a month from September on, and more often, as needed. At election time, we will have at least two persons in Honduras to handle and direct the media attention, and we would do the same for the Inaugural. Simultaneously, our staff in Washington will be working on all the outlined projects. Rafael Leonardo and Juan Cueva have met the senior staff who will be working on this, all of whom are eager to do their best to contribute to the success of the Callejas candidacy and Administration.

As we mentioned with Rafael Leonardo, we will need a "point person" with whom we can work daily. This person would not be a policymaker so much as one who can get us information, relay messages, set up meetings, provide research materials, polling data, etc. Rafael Leonardo suggested Juan Cueva, with whom we have established an excellent working relationship. We would be pleased to work with him, or whomever you designate. While the contract would not officially begin until September, I would like to begin immediately to develop plans and put some of our efforts into motion. Therefore, I would appreciate hearing from you in this regard at your earliest convenience.

Mauro, we are very much looking forward to working with Rafael Leonardo, you and Ricardo. I can assure you that this will receive my daily personal attention and the very best efforts of my most senior staff.

Agreed to this \_\_\_\_\_ day of August, 1989.

  
Susan A. Davis  
Chairman

  
Mauro Membreno

cc: Rafael Leonardo Callejas  
Ricardo Maduro  
Rene Bendana  
Juan Cueva.