

Colonia Dignidad — a transnational case of human rights violations and its economic dimensions in the past and present



Jan Stehle

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COLONIA DIGNIDAD – A TRANSNATIONAL CASE OF HUMAN RIGHTS VIOLATIONS AND ITS ECONOMIC DIMENSIONS IN THE PAST AND PRESENT¹

INTRODUCTION

In Colonia Dignidad (CD),² a settlement of German citizens in a remote area of central Chile, systematic violations of human rights were committed between 1961 and 2005. On the one hand, these crimes were committed against inhabitants of the settlement who were deprived of their liberty and subjected to sexual abuse, torture and forced labor. On the other hand, crimes were committed against Chileans from the vicinity of CD (sexual abuse and irregular appropriation) and especially in the framework of a repressive alliance between Colonia Dignidad and the Chilean civil-military dictatorship (1973-1990). Hundreds of political prisoners were tortured at the compound; presumably, more than 100 people were murdered, representing a substantial part of Chile's disappeared persons. The formal end of the dictatorship in March of 1990 did not translate into the end of Colonia Dignidad, which continued to commit crimes until the detention of Paul Schäfer in Argentine hiding in March of 2005. The closure of the enclave by the Chilean state could have been expected at that moment, considering its criminal history. However, Colonia Dignidad, due to a wide range of factors, was able to start a "delayed transition" (Hevia & Stehle, 2015, p. 16), which, in many aspects, bears a resemblance to the pact-based Chilean transition to democracy.

Since 2005, this process of transition has permitted a continuity of the place and parts of its collective of inhabitants, maintaining some of its (post-) sectarian organizational and hierarchical patterns and its economic and financial structure under the name of *Villa Baviera* (Bavarian Village, VB). Its economic activities continue, with a folkloristic German-style restaurant and hotel as its most visible facet (Hevia 2022, pp. 232-3). Until today, the absence of a Memorial Site in the place creates tensions between the residents and different victims' collectives in a context where politics and judiciaries in Chile and Germany have failed to advance in the clarification and punishment of crimes and the implementation of comprehensive memory policies and reparation measures.

The paper is structured as follows: To provide the necessary context, the first section

1 Thanks to Ute Löhning and Lars Breuer for insightful commentaries.

2 "Colonia Dignidad" refers to the group of people around Paul Schäfer from the emigration to Chile in 1961 until the arrest of Schäfer in 2005. For the time after March 2005, also the term "ex-Colonia Dignidad" (ex-CD) is used.

(1) presents some key findings of the author's doctoral thesis (Stehle, 2021) describing both the internal structure and the criminal record of Colonia Dignidad (CD). This covers CD's genesis in Germany in the mid-1950s, the group's reallocation to Chile in the 1960s, its development as a criminal group, and an international criminal organization during the Pinochet dictatorship, as well as the attempts to prosecute these crimes after the dictatorship, including Paul Schäfer's detention in 2005. The second section (2) focuses on CD's economic structure and evolution over five decades, analyzing how a complex system of different charitable associations, companies, and legal entities in two countries was crucial for CD's continued existence, especially once the dictatorship ended. The third section (3) examines, from a present-day perspective, the relationship between the continuity of this economic structure and the rather precarious dealing with CD's criminal past by the governments and judiciaries in Germany and Chile.

This paper was conceived during my CALAS' "Laboratory Visions of Peace" scholarship. Dedicated to the program's aim to examine "transitions between violence and peace in Latin America," my contribution focuses on the fourth dimension, the "analysis of transitional processes threatening peace, including media and the tools for its maintenance and strengthening." Roughly speaking, this paper refers to *violence* and peace – two of the program's key concepts rather than background. In this understanding, violence is represented by the various crimes committed by the CD. This is indicated when referring to CD as a *system* whose entire existence was mainly built upon and relied on continuously committing serious crimes, both internally as a criminal group and externally as an international criminal organization. While the evidence of violence is obvious in CD's history, it is not at the center of this paper but rather the point of departure for this research. Its leading question is not only how CD's crimes came about but also how societies that claim to be democratic – both post-dictatorship Chile and West Germany – dealt with those horrific crimes legally, politically, and publicly. This is what the author calls the "case of CD".

In this context, peace merely stands for an ideal situation in which all perpetrators would have been held accountable, justice would be done to all victims, and the preconditions that made these crimes possible would have been discussed sufficiently on a societal level. However, this ideal situation does serve for the present evaluation of the measures which have been taken to address CD's crimes. Hence, the most important framework for this paper is certainly transition. Transition is referred to as the rather limited rupture and "pacted transition" ("*transición pactada*") in Chile after 1990 in general, as well as to the various attempts to address CD's crimes by political and juridical actors, mostly in Chile itself, but also in Germany. In broad terms, the latter was and still is clearly limited by the political and social framework of the former. Both transitions convey processes and actions of dedicated investigation and prosecution, of commitment to human rights and justice, yet also those of waiting, hesitating, compromising, and resigning. Hence, transition often appears to get stuck or yield to the prevalence of specific political or economic structures. This paper tries to address these ambiguities by examining the exemplary case of Colonia Dignidad.

CHAPTER I

A (WEST-) GERMAN SETTLEMENT IN CHILE AND ITS HALF-CENTURY TRANSNATIONAL HISTORY OF CRIMES AND HUMAN RIGHTS VIOLATIONS

The systematic crimes of Colonia Dignidad are among the greatest human rights violations during the time of the Federal Republic of Germany (FRG), in which Federal German nationals were involved (Knobbe, 2022). The case of Colonia Dignidad,³ i.e., the handling of these crimes, is characterized by its bilateral nature and long duration. Schäfer's group had branches and legal entities in both the FRG and Chile. The majority of the crimes were committed by German nationals on Chilean territory. The dynamics and interactions within and between the political and the juridical systems are characteristic of this case.

Colonia Dignidad was founded in 1961 as an expatriate German settlement in a remote area of central Chile. The group included around 300 people who had emigrated to Chile following their leader, lay preacher Paul Schäfer. Colonia Dignidad systematically committed crimes⁴ for about five decades, from its inception until Schäfer's arrest in 2005. The group was organized in a strictly hierarchical manner. At the top was Schäfer, surrounded by a group of leaders absolutely loyal to him, the so-called *jerarcas* (hierarchs). However, through a system of constant mutual surveillance, denunciation, and punishment, many *colonos*,⁵ the group members, were involved in crimes.

Schäfer systematically sexually abused minors, especially boys, over the years. This sexual abuse can be described as the *primary crime* of CD. From the beginning, the whole structure of CD served to enable these acts and to protect Schäfer from prosecution. The other secondary crimes aimed to ensure the group's continuity and thus secure the framework for Schäfer's sexual crimes or the privileges of his leadership. They can be divided into *internal and external crimes*. The internal crimes were directed against members of the group. These were deprived of their liberty – by other *colonos* – and physically and mentally abused, subjected to sexual abuse, torture, and forced labor. The

3 The "Colonia Dignidad case" refers to the sum of all events, including the crimes that occurred in connection with the group of people who emigrated from Siegburg to Chile in 1961. The term also includes the reactions of various authorities to these events as well as the public debates and disputes regarding them. The case of Colonia Dignidad – as just defined – begins in the 1950s in the Federal Republic of Germany and continues there and in Chile until today.

4 Among the members of Colonia Dignidad, there are perpetrators, victims, and persons that combine both characteristics. When speaking of the crimes committed "by Colonia Dignidad" Colonia Dignidad alludes to the criminal group or criminal association, i.e., as a synonym of the perpetrators.

5 CD's inhabitants are referred to as *colonos* (colonists). For the time after March 2005, the inhabitants who left the settlement are mentioned as *excolonos* (ex-colonists).

external crimes were committed by individual *colonos*, especially leadership members. CD committed most of these crimes in collaboration with the military and intelligence services during the Chilean dictatorship from 1973 to 1990. Among other crimes, political prisoners in CD were imprisoned, interrogated, tortured, and in many cases murdered, and their bodies disposed of (Maier & Stehle, 2015). The external crimes also included the systematically organized sexual abuse and irregular appropriation of Chilean children from the vicinity of CD.

Since the 1960s, the media in Chile and the FRG have repeatedly reported on CD, its crimes, and the events surrounding them. This coverage usually took place in relatively short phases of strong public attention, which were followed by longer phases of rather low interest (Stehle, 2021, p. 42 ff.). Thus, at least in theory, CD's crimes were known to the public in both countries.

The Colonia Dignidad case was also the subject of domestic political debates at times – both in Chile and the FRG. The topic has been almost permanently present in diplomatic German-Chilean relations for over 50 years. Public prosecutors and courts in both countries have also been dealing with the case of CD for over five decades. However, many of the crimes of CD have not been investigated or sanctioned. While failing to investigate many individual crimes, the Chilean Justice issued criminal sentences around all major criminal spheres between 2004 and 2016. A group of *jerarcas* has served prison sentences in Chile; others fled to Germany. The German Justice, which investigated almost uninterruptedly between 1961-2019, has never formally accused any potential perpetrator, and public prosecutors have closed all preliminary proceedings.

Paul Schäfer died in prison in 2010, and, today, the settlement continues to exist as a tourist attraction under the name Villa Baviera. About 100 colonos still live there today, implementing a wide range of economic activities.

GENESIS AND STRUCTURE OF COLONIA DIGNIDAD

On the one hand, the name “Colonia Dignidad” stands for the physical location in Chile, where the group around Paul Schäfer settled in 1961, as well as for its further branches in Chile and the Federal Republic of Germany. On the other hand, it characterizes the pseudo-religious *criminal group* of people whose crimes were directed against its own members. Finally, Colonia Dignidad is a synonym for the *criminal association* that consisted of some group members whose crimes were directed toward the exterior. As a criminal community, Colonia Dignidad includes all group members, while the criminal association includes only those *colonos* who were directly involved in the commission of crimes.

Although a group of leaders took many important decisions, it was Paul Schäfer who shaped CD's rules, guidelines, and directional decisions and was consulted on all important issues. Until his arrest in 2005, there was no planning in CD for a post-Schäfer era. In a sense, Colonia Dignidad began and ended with Paul Schäfer. Therefore, no analysis of Colonia Dignidad can avoid dealing with his person.

Paul Schäfer and the founding of the group in the 1950s

Paul Schäfer was born in Bonn on December 4, 1921. He was the third son of Anna Schmitz from Troisdorf. His father, Jakob Schäfer, disappeared after the divorce from his mother in 1932. Paul Schäfer was 10 years old at that time. The mother remarried in 1933. According to Schäfer, his father died in the war, as did his two older brothers, Walter and Hans.⁶

At the age of 6, Paul Schäfer severely injured his eye and, from then on, wore a glass eye. He had to repeat two grades, and, in 1936, at the age of 14, he left school after the 6th grade without graduating. His former schoolmate Willi Georg reports: "We served two masters in the early days. We were obliged to participate in the Hitler Youth, but on the other hand we kept faithfully to our youth group, which was affiliated with the Protestant 'Eichenkreuz'".⁷ Schäfer, according to Georg, rejected the Hitler Youth but was not persecuted for it.

At the age of 18, Schäfer moved to Siegburg near Cologne. In October 1940, he was called up for a few months for the Reich Labor Service in Aachen. Due to his eye injury, he was not deployed to the front. On February 6, 1941, he was drafted for military service and stationed in Münster, presumably as a medic. Due to the sparse information about Schäfer's role during the Second World War, there were later various speculations about his involvement in National Socialist crimes. Specifically mentioned were possible assignments in forced labor camps of the *Dynamit Aktiengesellschaft* in Troisdorf and a subcamp of the Buchenwald concentration camp of HASAG in Meuselwitz. Neither could be verified so far and seems improbable.

It appears that Schäfer did not complete any professional training or have no academic degrees.⁸ After the war, Schäfer is said to have been largely unemployed. He was without a residence record and lived in the apartment of his mother and stepfather. In 1946, Paul Schäfer took over the leadership of boys' groups of the Protestant Youth Troisdorf on a voluntary basis. In the early 1950s, he was employed at several youth homes the Protestant Church ran. Each of these employments ended in dismissal after criticism of

6 CA Santiago, file no. 2182-98 ("Alfonso Chanfreau"), vol. 9a, sheet 3042. Servicio Médico Legal. Informe Psicológico Paul Schäfer Schneider dated January 16, 2006.

7 PJS, Collection NIG, Materialdienst 1989 [Report by Willi Georg], p. 12. All quotes in English in this article are translations by the author.

8 Nevertheless, Schäfer later liked to be addressed in Chile with fictitious titles such as "doctor," "professor," or "general." Hugo Baar reports that he bought a fake doctorate for Schäfer in the USA on the instructions of Hartmut Hopp. PA AA, B 83, vol. 2384. Hugo Baar's report to the Federal German Embassy, April 2, 1985, p. 26.

his educational methods had become loud (Fröhling, 2012, p. 25). Presumably, there were also repeated indications of sexual abuse of young people entrusted to his care. After his dismissals, Schäfer continued to run his youth groups autonomously. His appeal seemed so strong that many young people defied their parents' prohibitions and the criticism of church congregations to continue belonging to Schäfer's groups.

From year to year, Schäfer expanded the number of his followers by preaching at various locations. He sent out newsletters at regular intervals and organized annual camps, which played an important role in forming his "community." In addition to personal confessions, Schäfer also required group members to give him their confessions in writing and implemented a sophisticated technical monitoring system, bugging the private conversations of group members and tapping the telephone system. Group members were spied on and eventually held publicly accountable for their sayings.⁹

Violations of Schäfer's ideas of morality, obedience, and discipline led to severe corporal punishment, which in most cases was carried out by other leading figures of the group. Romantic or sexual encounters were described by Schäfer as "carnality" ("*Fleischeslust*") and "devil's stuff" ("*Teufelszeug*") and punished with draconian measures. Already in those years, young people were "cast out the devil,"¹⁰ as Schäfer called it, with drugs and electric shocks (Fröhling, 2012, p. 84 f.). Psychotropic drugs were used to break the individual willpower. In addition, there were ritual orgies of beating, in which several people talked or shouted at the person to be punished and then beat him or her for minutes. Schäfer also ordered fasting for several days as a punishment mechanism (*ibid.*). Schäfer's relationship with women was dominated by misogyny. He treated women condescendingly and kept them out of most decision-making structures – unless it was to his benefit.

In June 1956, the group consolidated decisively. Schäfer convened a "brothers' conference" in Mönchengladbach, where he outlined the rules and structures of the "community." To the "gentlemen"¹¹ and the "single sisters,"¹² he spoke about biblical communities of life: "All who are willing to give up their personal lives and give their labor and earned money to the community are to be called 'cross-carriers' [*Kreuzler*] and are the supporting pillar of the community."¹³

The so-called cross-carriers worked for free. The other group followers paid a "tithe" into the treasury, which Alfred Schaak administered. Thus, the group quickly stood on solid financial grounds and built an appropriate infrastructure. The procedure for incorporating new members was harsh: if, for example, a spouse did not want to become part of the group, a divorce was forced. Supposed religious reasons were cited, and the community leadership did not shy away from criminal methods – as they were later developed in Chile.

9 PJK, folder Schäfer. Report by Getrude Krafft of May 16, 1966.

10 Translated from German "*den Teufel austreiben*".

11 Translated from German "*Herren*".

12 Translated from German "*ledige Schwestern*".

13 Fröhling, 2012, p. 87.

Already at the beginning of 1956, Schäfer had called twelve of his most trusted followers to him and told them of his plan to create a permanent place for the group:

He proposed to contribute a whole year's income to enable the money to buy a house, and at the same time said that should anyone wish to leave the group, they would not be entitled to a refund of the contribution. He presented a pre-written letter that was signed by everyone.¹⁴

Schäfer later transferred to Colonia Dignidad this idea of the group as a community of property to which all members contribute their work and assets and which, in return, provides for its members. Some members transferred their entire wages to an account for which Schaak was authorized to dispose.

In August 1956, the group's first members moved to Heide (Lohmar) in the Rhein-Sieg district of North Rhine-Westphalia. Here, the group acquired a plot of land, cleared the swamp area, demolished an old wooden barrack, and began building a youth home, which was completed in 1959. Meanwhile, at the same time, around 200 people had already donated to the building project. The association *Private Sociale Mission* (PSM) was founded as the official sponsor of the construction project.

Schäfer's demeanor was imperious, self-righteous, and egocentric, his tone rough and vulgar. Although this contradicted the strict, prudish, and chaste discourse of free church circles, Schäfer was able to convince his followers of his supposed closeness to God, which gave him, as the only member of the group, an aura of infallibility. Already during these years, Schäfer conceived a system that would perfect his rule over the group and ensure his access to victims for his sexual crimes: Through his pseudo-religious discourse, he legitimized the breaking up of family structures as well as any structures of trust based on familial or friendly bonds. Members of the group were urged to transfer custody of their children to leaders and to abandon the children to home education.

From today's perspective, this transfer of custody of the group's children appears as a planned act within a system that aimed to ensure the availability of boys for the permanent commission of his sexual crimes. The children were systematically alienated from their parents and, therefore, at Schäfer's mercy without protection. Family structures were shattered by transferring custody to other group members. In this way, Schäfer pursued the goal of being able to exercise control over every individual in the group himself. The religious aspect turned out to be more and more of a cover. People who opposed Schäfer and the group were harassed with libel suits. This procedure was perfected and used massively throughout Colonia Dignidad's existence. The group's opponents were thus silenced, and simultaneously, the group's supporters remained convinced of the group's clean slate.

Another of CD's strategies dates back to the group's founding days: the publicity-focused staging of festivities. Guests were courted to gain supporters, and the group's social commitment was presented to them. On September 23, 1960, the youth home in Heide

¹⁴ StA Bonn, file no. 50 Js 285/85, vol. VII, sheet 136. Interrogation of Ida Gatz, July 6, 1988.

(Lohmar) was officially inaugurated with a celebration. Local personalities were invited, in addition to Federal President Heinrich Lübke. The latter sent his apologies. However, as a representative of the Federal Government, Dr. Friebeck from the Federal Ministry for Family and Youth took part in the celebration (Ossendorf, 2009, p. 243).

In the summer of 1960, Baar, Schmidt, and Schäfer traveled to Spain, Morocco, Algeria, Libya, Egypt, Jordan, Israel, and Turkey for several months. According to Baar, the purpose of the trip was “to learn about social conditions and orphan work.” Presumably, the trip was intended to explore emigration. Due to the increasing publicity of Schäfer’s acts of abuse, prosecution had become more and more likely. To his followers, Schäfer now talked openly about his plans to leave the country, justifying them with the fear of an invasion by the Soviets: According to Wolfgang Müller [today Wolfgang Kneese], “Schaefer preached one day that he had had a dream: In his dream, the Russian troops had poured over the border into West Germany. He said that to save us we had to get out of Germany.” (Dinges, 1984, p. 30).

Together with Hermann Schmidt, Schäfer traveled to Chile on January 3, 1961, arriving the following day. On January 27, Hermann Altevogt reported Paul Schäfer for sexual abuse. As a result, the district court in Siegburg issued a warrant for Schäfer’s arrest on February 21, 1961. The latter then traveled once again from Chile to Brussels. He had a group of children whom he had abused in Heide (Lohmar) brought to him and instructed them to deny Schäfer’s actions in case they were questioned by investigators.¹⁵ Heinz Kuhn, who was also present at this meeting, was instructed by Schäfer to burn the group’s so-called pastoral files – that is, the written confessions of sin that Schäfer had always demanded – which the latter then did.¹⁶

Meanwhile, Schäfer’s confidants prepared the group’s departure for Chile. The fact that the South American country was chosen can be explained by the connections of the group’s leadership to the Chilean ambassador in the FRG, Arturo Maschke, and to the Chilean consul, Guillermo Osorio (Heller, 1993, p. 181). The contact is said to have come about when craftsmen from the group were carrying out repair work at the Chilean embassy in Bonn. The ambassador and some of his associates are said to have then visited the youth home in Heide (Lohmar) several times and recommended that the group’s social work be extended to Chile. The group justified the choice of Chile by the severe earthquake in the south of the country on May 22, 1960. In Chile, they argued, they wanted to support children who had lost their parents in the quake. Between 1961 and 1963, about 250 group members emigrated to Chile, most of them by ship.

15 CA Santiago, file no. 2182-98 (“Juan Maino”), vol. 5a, sheet 2173. Interrogation of Willi Malessa, September 29, 2005.

16 PA AA, inventory AV NA 31645, Memory protocol of Heinz Kuhn about his interrogation by Judge Navas, February 1, 1989.

THE CASE OF COLONIA DIGNIDAD: INVOLVED ACTORS

In the following, the focus will be on the actors of the case of Colonia Dignidad, which are classified into three categories:

- The *Colonia Dignidad system* with Colonia Dignidad itself, its offshoots in Chile and the Federal Republic of Germany, and the support networks created by CD in both countries. The system also includes lawyers who represent or represented CD or their individual members and the media, which reported positively about CD.
- *The clarifying or elucidative actors*, including people who fled CD, associations of victims and relatives, human rights organizations, and lawyers and activists committed to human rights. These actors incorporate the media, most of which report or have reported critically on CD, except for some Chilean media during the dictatorship and beyond.
- *State actors*, such as governments, public prosecutors, courts, military, police, and intelligence services, are considered separately, as they often play an ambivalent role or cannot be clearly attributed to CD as a system or the clarifying actors.

The Colonia Dignidad system

Internally, Colonia Dignidad was a criminal group or community, while externally, it was an internationally operating criminal organization. CD had branches in the FRG (1956-1995) and Chile (1961-2005). It conducted business and financial transactions in numerous other countries. Its formal legal entities were two charitable associations: *Private Sociale Mission* (PSM) in Germany and *Sociedad Benefactora y Educacional Dignidad* (SBED) in Chile. Since 1988, CD transferred most of its assets in Chile to the so-called ABC Holding, consisting of the closed stock companies *Agripalma*, *Bardana*, and *Cinoglosa*.

Externally, CD was represented by only a handful of people. The figurehead in Chile was Hermann Schmidt, formally president of SBED. Since the mid-1970s, Hartmut Hopp increasingly functioned as CD's spokesperson or "foreign minister." In contrast to Schmidt, Hopp traveled extensively. Kurt Schnellenkamp, Albert Schreiber, Hans-Jürgen Blanck, and Alfred Matthusen were also CD hierarchs with external contacts. In the FRG, PSM chairman Hugo Baar was responsible for the organization's public relations until 1975. Later, Alfred Schaak (until his unclarified death in 1985) and Alfred Matthusen headed PSM. Paul Schäfer himself extremely rarely appeared in public. He did not hold any formal offices.

Since the 1960s, CD created both formal and informal lobbying and support networks to counteract the elucidative actors' activities. At the regional level, CD networked with neighboring landowners. In the nearest village of Catillo, close relationships were

maintained with officials from the Civil Registry Office (*Registro Civil*) and the Guard of the Uniformed Police (*Retén de Carabineros*). CD was located in the judicial district of Parral, and the town was correspondingly important for CD. In addition, CD maintained contacts with the most important towns in the Chilean regions of Maule (with Talca as its capital) and Biobío (with Concepción as its capital). There were also close contacts with the military regiments in Concepción (*III División del Ejército*) and Linares (*Escuela de Artillería*).

During the dictatorship, i.e., from 1973 to 1990, CD formed a so-called “repressive alliance” with the secret service DINA and other repressive organs. This alliance involved a direct line to dictator Pinochet and close ties to DINA’s director, Manuel Contreras. Formalized and publicly active support structures included so-called circles of friends, including the Association of Friends of Dignidad (*Asociación de Amigos de Dignidad*) or the Patients’ Committees (*Comités de Pacientes*), which were created to defend CD’s hospital against imminent closure. In 1995, after the dissolution of SBED, CD founded another association, the Community Organization for Social Development Perquillauquén (*Organización Comunitaria de Desarrollo Social Perquillauquén*, or simply *Perquillauquén*), which took over the management of the hospital and school. The association also included people from outside CD, including politicians such as Ignacio Urrutia Bonilla. Perquillauquén, as does the ABC holding company with its numerous subsidiaries, still exists today.

In addition to these formalized structures, CD sought supporters in all spheres of society from the very beginning. These were of strategic importance for the maintenance of CD. The supporters were invited to CD and received gifts such as cakes or food parcels, free handicraft services, medical treatment, or advantageous business relationships to gain their favor. These supporters included local, regional, and national politicians, military and police officers, judges, entrepreneurs, customs officials, diplomats, administrators, doctors, musicians, and neighbors.

The continuity of CD after the end of the dictatorship was only possible because of the support of broad circles of the right-wing opposition. They sabotaged the new democratic government’s attempts to deal with administratively and control CD. For example, right-wing members of the Senate and the Chamber of Deputies, especially those of the right-wing parties RN and UDI, filed complaints at the Constitutional Court against the dissolution of the SBED, supported staged hunger strikes by CD against the closure of the hospital, and publicly criticized the raids on CD carried out by the judiciary as part of the manhunt for Schäfer. Senator Hernán Larraín Fernández (UDI) played a particularly prominent role in this support. CD also received sporadic support from circles within the ruling center-left alliance (*Concertación*), such as from the parliamentarian Felipe Letelier of the Party for Democracy (*Partido por la Democracia*, PPD).

Some right-wing conservative media, which had been reporting positively on CD for years, were also supportive. These supporters acted partly out of admiration for the “Germans” and their social facade, partly out of ideological conviction, and partly out of self-interest. CD’s support network also included dozens of lawyers who defended CD in

legal proceedings and usually pursued an offensive strategy: individuals or institutions that had reported CD's crimes or initiated investigations were to be silenced through libel suits and various legal remedies.

Support networks in the FRG

While some of the support networks in Chile acted publicly, they were rather discreet in the FRG. The PSM in Siegburg limited itself to acquiring donations in kind and machinery, vehicles, and spare parts needed in Chile. Until the end of the 1980s, lobbying was carried out primarily with the German Ministry of Foreign Affairs (*Auswärtiges Amt*, AA) and the Chilean embassy, as well as with right-wing conservative individuals who sympathized with the Chilean dictatorship or CD and described it, for example, as an "example of German reconstruction work."¹⁷ While in Chile the support network was broader, in the FRG, CD strategically concentrated on a few supporters who were politically on the right-wing fringe of CDU and especially CSU. These were courted, for instance, with invitations to the settlement, where they were treated like state guests. These supporters usually used their contacts in the FRG discreetly. CD-leadership member Hartmut Hopp and his wife, Dorothea Witthahn, joined the CSU in the 1980s.

In addition, business relations existed between Bavarian companies and the Chilean dictatorship, including in the armaments sector. Since the Chilean regime sometimes had difficulty acquiring weapons on the free market due to embargos because of its human rights violations, these deals are likely to have been highly significant. There is some journalistic research on these arms deals, but few sources to date. The arms dealer and BND informant Gerhard Mertins played an important role in these business relations. He maintained close contact with DINA chief Manuel Contreras. CD supported DINA in its foreign operations in Europe. It also helped DINA to smuggle laboratory components for chemical weapons production into Chile. DINA had a liaison office at Lake Starnberg and a contact man at Frankfurt Airport, Wolff von Arnswaldt. The latter headed the cargo department of the Chilean airline *Línea Aérea Nacional* (LAN) and was in contact with CD members in Siegburg. Only a few supporters, such as the Munich city councilor Wolfgang Vogelsgesang (CSU), the arms dealer Gerhard Mertins or the Siegburg mayor and later member of the German parliament (*Deutscher Bundestag*), Adolf Herkenrath (CDU), publicly supported CD in the FRG. The federal German support network was active until the end of the 1980s.

The clarifying or elucidative actors

It was mainly individuals who dealt with CD in a clarifying manner, both in the Federal Republic and Chile, intending to clarify the crimes and end them. The case of CD first became publicly known in West Germany with the successful escape of Wolfgang Müller

¹⁷ See, for instance, an article by Wolfgang Vogelsgesang, then city counselor of Munich and member of the Christian Social Union (CSU): "Augenschein in Chile: die Colonia Dignidad am Fuß der Anden ein Musterbeispiel deutscher Aufbauleistung", in *Sudetendeutsche Zeitung*, November 9, 1979.

(today Wolfgang Kneese) in 1966, which triggered a wave of media coverage. At that time, the relatives of those who had emigrated to Chile were not systematically connected. In response to the press reports, individual relatives, therefore, frequently turned to the AA and other authorities for clarification about the fate of those who had emigrated. In 1976, the United Nations mentioned CD in reports as a place of DINA detention and torture (United Nations, 1976a/b). Some Chilean torture survivors in CD turned to Amnesty International (AI) in the Federal Republic. The Frankfurt AI group took up the issue and published a brochure about CD in 1977 (AI 1977). The two authors were Dieter Maier and Jürgen Karwelat. In particular, Maier continues to research and publish on the subject to this day (Heller, 1993 and 2011; Maier, 2016).¹⁸ CD took legal action against the AI brochure and obtained an injunction at the district court in Bonn, which prohibited its further distribution. The resulting legal proceedings lasted 20 years (until 1997). The leadership of the German AI section around the general secretaries Helmut Frenz and Walter Rövekamp took up the issue of CD. They received support from individual members of the Bundestag, such as Ernst Waltemathe (SPD). The Chile solidarity addressed the issue only sporadically in the 1980s. Individual activists researched and published regularly on CD, for example, in the magazine *Lateinamerika Nachrichten*. In Chile, journalists like Osvaldo Murray and Erika Vexler for *Ercilla* magazine covered the case of CD since the 1960s. Journalists like Gero Gemballa in Germany, John Dinges in the United States, and different authors of political magazines in opposition to the Chilean dictatorship like *Análisis*, *Apsi*, and *Hoy* investigated CD in the 1970s and 1980s.

At the end of the 1980s, the group of relatives Emergency and Interest Group of the Injured Parties of Colonia Dignidad (*Not- und Interessengemeinschaft der Geschädigten der Colonia Dignidad*, NIG) was founded. Jürgen Karwelat is still one of its spokespersons today. As a split off from NIG, the association “Wing beat” (“*Flügel Schlag*”) emerged, led by Wolfgang and Heike Kneese. With the help of the Hamburg Foundation for the Promotion of Science and Culture (*Hamburger Stiftung zur Förderung von Wissenschaft und Kultur*), *Flügel Schlag* supported efforts to clarify crimes in Chile in the 1990s and 2000s.

A handful of people who were able to flee CD were among the clarifying actors, including the mentioned Wolfgang Müller Lilischkies (aka “Kneese”) and the married couples Georg and Lotti Packmor and Hugo and Waltraud Baar. After fleeing CD in 1984/85, the Baar and Packmor couples rarely appeared in public. However, their reports to the AA became the basis for political measures and, from 1985, for an investigation by the public prosecutor of Bonn.

In the 1990s and 2000s, information about CD in Germany was limited to research by a few journalists and human rights activists familiar with the subject. These also stimulated a series of parliamentary inquiries and initiatives by individual members of the *Bundestag* from various parliamentary groups. These included Ernst Waltemathe and Lothar Mark of the SPD, Ludger Vollmer of *Bündnis 90/Die Grünen*, and Ulla Jelpke of *Die Linke*, respectively. In 2002, on the initiative of Lothar Mark, the Bundestag passed a resolution (Deutscher Bundestag, 2001), which, however, remained largely without consequences, as

18 For many years, Dieter Maier published under diverse pseudonyms, especially “Friedrich Paul Heller.”

did a one-time round table initiated by Lothar Mark in the *Bundestag* in 2005, after the arrest of Paul Schäfer. When Hartmut Hopp fled to Germany in 2011 to escape Chilean justice authorities, the issue of CD reached the public sphere in Germany again. Various victims, represented by human rights lawyer Petra Schlagenhauf, filed criminal charges against Hartmut Hopp. The human rights organizations European Center for Constitutional and Human Rights (ECCHR) and the Chile-Latin America Research and Documentation Center (FDCL) accompanied these efforts to prosecute the perpetrators. In 2014, the AA began to abandon its unilateral support of the *Villa Baviera* companies and to support experts and victims' (associations) in Chile and Germany in their efforts to establish a memorial in CD (Hevia & Stehe, 2022).

In Chile, only a few individuals in the region made an effort to raise awareness about CD in the 1960s. Nationwide, CD became a topic of discussion through press coverage. In the process, the many critical articles were mixed with sensational reporting and CD-friendly articles. A few months after the military coup of September 11, 1973, relatives of the disappeared founded the Association of Relatives of Disappeared Detainees (*Agrupación de Familiares de Detenidos Desaparecidos*, AFDD). The organization searched – and searches until today – for abducted family members who had disappeared. Notably, in the Maule region, where CD is located, they obtained information about the abduction of people to CD. They were supported by church organizations such as the Vicariate of Solidarity (*Vicaría de la Solidaridad*), as well as human rights organizations such as the Center for Mental Health and Human Rights (*Centro de Salud Mental y Derechos Humanos*, CINTRAS).

Since the 1980s, relatives of the disappeared have also protested at the gates of CD, often encountering violent responses from the colonos. As in the Federal Republic, however, in Chile, the human rights movement took up the issue of CD only selectively. Individual human rights lawyers were active in the case of CD, including Guillermo Ceroni, Sergio Corvalán, and Máximo Pacheco in the 1980s. They initially represented Amnesty International and later the German government. Beginning in 1984, Heinz Kuhn, who had left CD in 1968 and was living in Los Ángeles, Chile, turned his back on the CD leadership and assisted the Baar and Packmor couples in escaping the settlement. Kuhn testified in various proceedings against CD and collaborated with journalists. In 1996, the lawyer Hernán Fernández filed numerous criminal charges of sexual abuse of Chilean children against Paul Schäfer and several of his accomplices.

After Paul Schäfer's arrest in 2005, various investigations into CD's crimes were bundled together before Judge Jorge Zepeda Arancibia. As *ministro en visita extraordinaria*, i.e., special judge for the complex of CD at the court of appeals (Corte de Apelaciones, CA) in Santiago, Zepeda opened additional proceedings there. Victims' representatives repeatedly criticized Zepeda's role because of delaying the case. However, they also praised the investigative work of a number of officers from the Chilean Criminal Police (*Policía de Investigaciones*, PDI), especially from its Department Five – Internal Affairs (*Departamento Quinto – Asuntos Internos*) and its Human Rights Brigade (*Brigada de Derechos Humanos*) (Bonnefoy, 2018).

State actors

Different state actors in Chile and the FRG dealt with the events in Colonia Dignidad. In the FRG, this was primarily the Federal Ministry of Foreign Affairs and public prosecutors' offices (*Staatsanwaltschaft*, StA) in North Rhine-Westphalia (NRW), especially the public prosecutor's office in Bonn. At times, other authorities and federal ministries also dealt with CD. The documents in governmental archives on the establishment of CD in Chile contain numerous letters of recommendation from government agencies in Chile, but also from authorities of the FRG. The earliest evidence is a letter from the Federal Ministry of Family and Youth Affairs to the German Embassy in Santiago, dated May 1961, requesting support for the group's establishment in Chile. A representative of the Ministry attended the inauguration ceremony of the youth home of the PSM in Heide (Lohmar) in September of 1960. According to the letter of recommendation:

[T]he impression gained of the work of the Private Social Mission on the occasion of the inauguration ceremony was good. The social concern is in the foreground. For these reasons it is to be expected that the new project of the association in Chile is worthy of support. I would be grateful to you, Mr. Ambassador, if you could give your help and protection to the representatives of the Private Social Mission.¹⁹

In 1977, the Federal Ministry of Defense evaluated aerial photographs of CD, which the Federal German Ambassador Erich Strätling had commissioned to the Chilean Air Force after Amnesty International and the journal *Stern* had published that CD was a torture site for the Chilean secret service DINA. The ministry confirmed Strätling's view that there were no "hidden buildings or guarding measures" on the site.²⁰

German pension insurance agencies began suspending pension payments to beneficiaries in CD in the late 1980s after it became known that the payments had not benefited the respective pensioners but were passed to the hands of the leadership members. Legal proceedings also provided important insights into the criminal activities of CD, in particular the civil proceedings brought by CD against Amnesty International (AI) before the district court (*Landgericht*) in Bonn²¹ and the criminal investigations conducted by the public prosecutors' offices in Bonn²² and Krefeld²³. None of the preliminary proceedings opened in the FRG between 1961 and 2016 resulted in indictments. All proceedings were dismissed, justified by the lack of sufficient suspicion.

The Foreign Intelligence Service of Germany (*Bundesnachrichtendienst*, BND) also played a role in the case of CD. However, its exact extent still needs to be comprehensively assessed due to a lack of access to files. So far, BND has handed over only a dozen pages of files on the

19 PA AA, inventory B 85, vol. 598. Letter of the Minister for Family and Youth Affairs to Ambassador Dr. Strack, May 16, 1961.

20 PA AA, inventory B 83, vol. 1177. Letter of the Federal Ministry of Defense to the AA, February 21, 1977.

21 Landgericht Bonn, file no. 3 O 123/77. The proceedings lasted from 1977 until 1997.

22 See especially the proceedings StA Bonn, file no. 50 Js 285/85, which lasted from 1985 until 2010.

23 StA Krefeld, file no. 3 Js 753/11. The proceedings lasted from 2011 until 2019.

subject of CD to the Federal Archives.²⁴ The German Federal Chancellery stores an unknown number of BND documents on CD, which are still classified and, therefore, inaccessible.

Many government agencies and institutions in Chile also dealt with CD. The earliest intervention on record in favor of CD occurred in November 1960, when PSM members Hermann and Ursula Schmidt applied to the Chilean consulate in Bad Godesberg for entry visas for themselves as well as for the minors Peter Schmidt and Heinrich Kuhr-Schiwon. The consul, Carlos Guillermo Osorio, described the PSM youth center to the Chilean foreign minister as an “example of effectiveness, order and cleanliness.” He continued:

The house was visited by Mr. Ambassador accompanied by the Council of Ministers; the two gentlemen mentioned received a great impression of the organization. On the other hand, the plan of moving the home to Chile is largely supported by the German Red Cross.²⁵

National and regional authorities in Chile supported the immigration project. The SBED became registered as a charitable association and was granted tax and customs exemptions. Subsequently, CD built up a network of supporters among various authorities and institutions. It courted them, invited them to the settlement, and asked them for favors and support when needed. CD benefitted from the support of numerous German descendants in influential positions. In addition, CD could count on a generally pro-German attitude in Chilean society. During the dictatorship from 1973 to 1990, CD enjoyed the unrestricted support of all government agencies. It entered an open alliance with the Chilean organs of repression and was protected directly by dictator Pinochet. The judiciary, in which CD had already won advocates in the 1960s, also protected the settlement during the dictatorship. This situation did not change abruptly with the transition to democracy beginning in 1990, as many officials sympathetic to the dictatorship retained their posts. The first democratic governments in the 1990s attempted to dissolve CD administratively, but this failed due to extensive open or covert support from state authorities and right-wing parliamentarians. The Chamber of Deputies (*Cámara de Diputados*), the lower house of the Chilean Congress, set up several investigative committees, whose recommendations, however, remained largely without concrete consequences.

CRIMINAL SPHERES AND THE JUDICIAL HANDLING IN CHILE AND GERMANY

The crimes of CD are defined as primary and secondary crimes, as well as internal and external crimes. Primary crimes were acts of sexual violence committed by Paul Schäfer

²⁴ BArch, inventory B 206.

²⁵ PJK, folder Hummel, file Auslandsdeutsche Siedlungs GmbH 1960-1961. Letter of Consul Osorio to the Chilean Foreign Minister, November 29, 1960.

against members of the group and against Chilean children who lived in the surroundings of the settlement. The main objective for CD's foundation and existence was to establish a protected space where Schäfer could perpetuate sexual violence throughout time without being prosecuted. All other secondary crimes committed by CD as a system served the purpose of guaranteeing the existence of CD as the framework to perpetuate the sexual violence of Schäfer and to maintain the privileges of his loyal leadership. A discursive internal and external narrative was created as a facade: Internally, this was about a community of chosen ones to fulfill an altruistic work cut off from the hostile and sinful outside world. The external appearance was that of a charitable organization that aimed at providing health and education for the poor inhabitants of the surroundings of the settlement.

TABLE 1.
Crimes of Colonia Dignidad

| CD as a pseudo-religious criminal group (internal crimes) | CD as an international criminal association (external crimes) |
|--|---|
| Sexual violence | Sexual violence |
| Child abduction and fraudulent adoption | Child abduction and fraudulent adoption |
| Deprivation of liberty | Arms production and trade |
| Postal censorship | Economic crimes |
| Bodily harm (by means of physical punishments, medicamentation, and electroshocks) | Human rights violations as part of the repressive structure of the Chilean dictatorship |
| Disregard of the right to education | |
| Slavery-like working conditions | |

Source: Stehle (2021, p. 87).

Internal crimes were those committed within the group against *colonos*. They served to maintain the group's internal regime and impose the authority of Schäfer and his leadership. External crimes were committed against instances and persons from the outside with the primary aim of guaranteeing CD's continued existence. A large part of the crimes committed have never been investigated judicially.

The legal treatment of Colonia Dignidad crimes

Around 120 judicial proceedings regarding CD and its crimes in Chile and Germany were identified from different sources and archives. An omnipresent pattern in these proceedings was that the System CD always counted on a team of prestigious lawyers to represent them, in terms of a comprehensive strategy that included active lobby work towards political and judicial agents in both countries and an offensive legal strategy to silence accusations and to impede the investigation of crimes.

Most of CD's crimes were committed by German nationals on Chilean territory and directed against Chilean and German nationals. Due to this fundamentally bilateral

character of these acts, the question arises as to who is responsible for their prosecution. According to the principle of territoriality, the Chilean judiciary was and is responsible for investigating and prosecuting all of CD's crimes committed on Chilean territory. However, according to the so-called principle of personality, in the case of crimes committed by German nationals or against German nationals, German criminal law can also be applied to acts committed abroad in accordance with Sections 5 and 7 of the German Code of Criminal Procedure (*Strafprozessordnung*, StPO).

Theoretically, we are dealing with the dual jurisdiction of Chilean and German prosecuting authorities for many of the crimes. In practice, the question of jurisdiction has accompanied the case of CD in all its phases. The absence of a mutual legal assistance agreement hampered cooperation between the judicial apparatuses of the two countries. The result was lengthy and bureaucratic requests for mutual legal assistance in both directions. These rarely brought progress but often led to a standstill in investigations that lasted for years. Different legal cultures also led to both sides regularly complaining about the perceived inaction of the other side. Disputes over formalities, such as translations, also prolonged the proceedings.

While the political framework in Chile conditioned the possibilities of legal prosecution, many agencies in the Federal Republic retreated to the position that Chile was primarily responsible. In 2016, for example, the German government responded to a parliamentary written question by stating: "The German government is of the opinion that the protection of human rights on Chilean territory is primarily the responsibility of the authorities in that country" (*Deutscher Bundestag*, 2016, 11 f.).

From the very beginning, CD underwent intense efforts to conceal its crimes and obstruct criminal investigation and punishment, and it was highly successful in this mission. A large number of attorneys systematically covered critics of CD with libel suits. In investigations against suspects from CD, their attorneys used all available legal means, usually through all possible instances. While the potential double jurisdiction and the bilateral nature of the investigations tended to hinder the judicial authorities, CD knew how to use this circumstance to its advantage. For example, CD presented documents and other evidence from proceedings in the respective other country. On several occasions, diplomatic disagreements arose because CD legal advisors in Chile quoted from confidential AA reports that were part of legal proceedings in the Federal Republic of Germany and had come into the hands of CD lawyers. CD's legal strategy also included targeted lobbying of judges and other judiciary members.

Since the judicial authorities had minimal access to CD for decades, they were unable to investigate many crimes because of statutes of limitations, deceased perpetrators, destroyed evidence, or other types of concealment, including the erasure of the *colonos'* memories through electric shocks. In addition, the prosecution of the crimes was often impeded by the fact that the victims among the *colonos* did not file criminal charges against the perpetrators.

On the one hand, they could not approach the justice system unsupervised due to the

permanent deprivation of their liberty. On the other hand, they were systematically threatened and intimidated, so they feared brutal punishment if their “betrayal” became known. Because of the atmosphere of mistrust and mutual spying, victims could not confide in anyone within CD. Paul Schäfer’s influence and charisma were so strong that many *colonos* were unable to doubt the correctness of his actions. CD leadership reinforced this lack of awareness of wrongdoing through targeted manipulation and selective access to information. For example, since many children and adolescents in CD had no information about human sexuality, they could not even understand the sexual abuse committed against them as such.

The current situation in judicial terms in Germany

In Germany, a judicial accusation has never been brought forward against any potential perpetrator of CD. According to §170 (2) of the German Code of Criminal Procedure (*Strafprozessordnung*, StPO), all investigations initiated by public prosecutors have been dismissed by arguing missing proofs. Overall, 13 proceedings initiated by the prosecutors of North Rhine-Westfalia (NRW) were identified, some of which had a duration of up to 25 years. The two proceedings initiated against Hartmut Hopp, medic and group speaker, summed 30 years of duration without any result. There have been hardly any public statements or official information on the work of the judiciary of NRW, which has been completely non-transparent. The files of these investigations, lasting from 1961 to 2019 without significant interruptions, are presently not accessible for academic research. All documents analyzed in the present research were obtained informally.

TABLE 2.
Criminal proceedings in the Federal Republic of Germany.

| Start of Proceedings | Prosecutor’s office (StA) and file reference | Description | Course of proceedings |
|----------------------|--|---|--|
| 1961 | StA Bonn, file no. 14 Js 173/61 | ./.. Paul Schäfer because of the sexual abuse of 3 boys aged under 14 | February 21, 1961. Arrest warrant issued by the district court of Siegburg (deleted October 13, 1970) Investigation suspended according to § 260 III StPO (statute of limitation) on May 14, 1974 |
| 1965 | StA Bonn, file no. 14 Js 1940/65 | ./.. Paul Schäfer because of child abduction | Suspended according to § 170 II StPO on December 9, 1966 |

| | | | |
|------|--|---|---|
| 1977 | StA Siegen, file no. 15 Ujs 86/77 later StA Bonn, file no. 31 Ujs 4856/77 | ./.. Members of the religious sect <i>Christlich Soziale Mission</i> because of deprivation of liberty, bodily injury, and the existence of a torture camp in CD | Suspended according to § 170 II StPO on July 22, 1977 |
| 1985 | StA Bonn, file no. 50 Js 285/85 | ./.. Paul Schäfer, Hartmut Hopp (1988), Gisela Seewald (1988), and Hugo Baar because of deprivation of liberty, bodily injury, and others | Suspended according to § 170 II StPO on September 29, 2010, resp. before because of the death of Hugo Baar (January 3, 2001) and Paul Schäfer (April 24, 2010) |
| 1988 | StA Bonn, file no. 40 Js 703/88 | ./.. Private Sociale Mission e.V. because of tax evasion. Suspended according to § 170 II StPO on February 1, 1989 | |
| 1991 | StA Bonn, file no. 50 Js 94/91 | ./.. Paul Schäfer for the murder of Alfonso Chanfreau and Exequiel Ince | Suspended according to § 170 II StPO on October 24, 2010 |
| 1997 | StA Bonn, file no. 50 Js 211/97 | ./.. Paul Schäfer because of sexual abuse of Tobias M. | Arrest warrant AG Siegburg on September 18, 1997 (file no. 15 Gs 495/97), international arrest warrant May 18, 1998. Suspended according to § 170 II StPO on October 24, 2010 |
| 2006 | StA Bonn, file no. 555 Js 223/06 P | ./.. Albert, Lilli, and Ernst Schreiber because of complicity in the sexual abuse and the abduction of minors | Suspended according to § 170 II StPO on August 20, 2008 |
| 2006 | StA Bonn, file no. 555 Js 315/06 K | ./.. Paul Schäfer, Erwin Fege, Wilhelm Malessa, Gerhard Mücke, Gerd Seewald, and Kurt Schnellenkamp for the murder of Hernán Sarmiento Sabater (1974) | Suspended according to § 170 II StPO on December 4, 2009 |
| 2006 | StA Bonn, file no. 554 UJs 114/06 P | ./.. Unknown for the murder of Osvaldo Heyder Goycochea in Talca (1975) | Suspended according to § 170 II StPO on January 4, 2008 |

| | | | |
|------|---|---|--|
| 2007 | StA Memmingen, then StA Krefeld, file no. 3 Js 586/07 | ./. Albert Schreiber because of the violation of weapons law and other offenses | Suspended according to § 170 II StPO on January 28, 2008 |
| 2011 | StA Krefeld, file no. 3 Js 753/11 and others. | ./. Hartmut Hopp because of murder, bodily harm, and complicity in sexual abuse of minors | Suspended according to § 170 II StPO on May 6, 2019 |
| 2016 | StA Münster, file no. 30 Js 306/16 | ./. Reinhard Döring because of complicity in murder | Suspended according to § 170 II StPO on January 21, 2019 |

Source: Stehle (2021, p. 390).

In most of the proceedings, public prosecutors failed to conduct their own thorough investigations and limited themselves to rogatory letters and long-lasting assistance procedures. The judiciary of NRW always took the legal viewpoint that individual participation in concrete crimes had to be proven, a difficult project in a context where most investigated crimes had been committed a long time ago in a remote place of another country, whose justice system during the Chilean dictatorship had no intentions of investigating CD's crimes.

A profound investigation of CD as a criminal structure never occurred by part of NRW prosecutors. Today, all of CD's crimes are subjected to statutes of limitation, with the sole exception of murder. Prosecution as crimes against humanity – also not subject to the statute of limitations – is only possible in Germany for acts committed after July 1, 2002. In 2018 the highest regional court, the Superior Court of Düsseldorf, refused a Chilean enforcement request, which aimed to execute a Chilean 5-year prison sentence against Hartmut Hopp because of abetment to violation and sexual abuse of minors in a German prison.²⁶ The court's reasoning has been particularly disturbing by characterizing CD as a charitable organization and not as a criminal association like the Chilean Justice has sentenced. As a consequence of the resolution of the Superior Court of Düsseldorf, NRW prosecutors have suspended all criminal proceedings.²⁷ This allows convicted or potential perpetrators to strengthen their narrative that propagates the thesis of the single-perpetrator Paul Schäfer and of an alleged inquisitory Chilean justice system, whose findings are not shared by the German judiciary.

As a result of the closure of all proceedings, many potential or convicted perpetrators have fled or migrated from Chile to Germany in the last years. Germany today can be considered a safe haven for potential CD perpetrators, several of whom are being searched

26 OLG Düsseldorf, file no. III-3 AR 158/17. Resolution of September 20, 2018. For a legal critique of this resolution, see: European Center for Constitutional and Human Rights (2018).

27 Several months after the resolution of the Superior Court of Düsseldorf, the public prosecutor of Münster closed proceedings against Reinhard Döring, and the public prosecutor of Krefeld closed the proceedings against Hartmut Hopp.

for by Chilean Interpol warrants.²⁸ They are not detained and extradited because Article 16 of the German Constitution prohibits the extradition of German nationals to non-EU countries. It could be argued that today there is more firsthand knowledge regarding the Colonia crimes in Germany than in Chile. Furthermore, while all legal proceedings have been suspended in Germany, the Chilean justice system today has no access to these witnesses or potential perpetrators.

While criminal proceedings against the *colonos* all ended without result, the System CD successfully silenced clarifying or elucidative actors through civil lawsuits. When the Frankfurt group of Amnesty International published a brochure in 1977 titled “Colonia Dignidad – German model farm in Chile – a torture camp of the secret service DINAs” and the magazine Stern published an article around this, CD filed a civil lawsuit against Amnesty International and the publishing house Gruner & Jahr. Using a restraining order of the Regional Court of Bonn, the distribution of the brochure was stopped, and Amnesty was prohibited from expressing that the CD was a torture camp of the Chilean dictatorship for the duration of the main procedure. This main procedure lasted from 1977 until 1997, when it was dismissed – not because the affirmations of Amnesty and Stern had been proven, but because the plaintiff had ceased to exist: In 1991, *Sociedad Benefactora y Educacional Dignidad* (SBED), CD’s legal entity in Chile, had been canceled and CD’s German branch, the Private Sociale Mission (PSM) had also dissolved.

In 1996, the Superior Court of Düsseldorf in a civil sentence²⁹ prohibited by a fine of 200 000 German Marks Hugo Baar, who had fled the colony in 1984 to claim that he was mistreated with electroshock in CD by Doctor Gisela Seewald. The court asserted that an electroshock treatment could not be proven.

The examples demonstrate that the German Justice not only failed to clarify and punish CD’s crimes but also strengthened the System CD with its actions and omissions to the detriment of victims and clarifying actors and thereby implicitly permitted the continuation of crimes.

The current situation in judicial terms in Chile

The situation for the Chilean judiciary in terms of investigating CD’s crimes was highly adverse: After the return to elected governments in 1990, the composition of the higher courts remained unchanged, and Augusto Pinochet continued as chief commander of the Chilean army. Investigations regarding the human rights violations of the dictatorship just took up pace after Pinochet’s detention in 1998. With regards to Colonia crimes, these only became more thoroughly investigated after Schäfer’s capture in 2005. Since then, the Chilean justice system has investigated and issued sentences regarding many criminal spheres, including homicide, bodily harm, sexualized violence and violation, weapons law violation, criminal association formation, torture (abduction of political prisoners),

28 These are the cases of Ernst and Lilli Schreiber, Hans-Jürgen Riesland, Reinhard Döring, and Hartmut Hopp.

29 OLG Köln, file no. 15 U 25-95 sentence of January 23, 1996.

and several cases of disappearances. Many offenses were characterized as crimes against humanity committed in the context of the Chilean dictatorship.

However, apart from Paul Schäfer, only a handful of members of the Colonia leadership have been condemned, and most of these have received suspended sentences or spent short times in prison. While the Chilean justice system established an important “judicial truth” regarding the existence of criminal complexes, many individual crimes remain uninvestigated. The main judicial proceedings are listed in the following table. They only represent a small part of judicial proceedings led by the Chilean justice system.

TABLE 3.
Main criminal proceedings in Chile since 1966.

| Start of proceedings | Court and file number | Description | Course of proceedings |
|----------------------|--|--|---|
| 1966 | <i>Juzgado de Parral</i> , file no. 23919 | SBED ./. Wolfgang Müller because of grave insult (<i>injurias graves</i>) | Sentence February 25, 1967: 5 years and 1 day of prison because of defamation (<i>difamación pública</i>). Sentence October 28, 1969: <i>Corte de Apelaciones</i> (CA) Chillán, file no. 75818: 3 years and one day of prison |
| 1968 | <i>Juzgado de Parral</i> , file no. 25097 | <i>Tribunal de Aduanas</i> ./. SBED because of custom's fraud | Proceedings suspended November 4, 1969, appeal against suspension denied by the CA Chillán April 10, 1970, file no. 76920 |
| 1977 | 11. <i>Juzgado del Crimen de Santiago</i> , file no. 12293-9, then <i>Corte Suprema (visita extraordinaria, ministro Osvaldo Faúndez Vallejos)</i> | Investigation of the murder of Juan Muñoz Alarcón (October 22, 1977), on-site inspection of CD December 20, 1977 | Proceedings suspended June 22, 1978 |
| January 12, 1989 | <i>Juzgado de Parral</i> , file no. 43210 (<i>visita extraordinaria</i> , Judge Guillermo Navas Bustamante, then judge Hernán Robert Arias) | Proceeding to investigate the “form of organization and activities of the SBED” | Final report by Judge Robert approved by the <i>Corte Suprema</i> , September 8, 1989 |

| | | | |
|----------------|---|---|--|
| July 27, 1989 | <i>Juzgado del Crimen de Linares</i> (file number unknown) | Criminal complaint by Elena Becerra for murder of her brother Miguel Becerra Hidalgo | Sentence <i>Corte Suprema</i> October 28, 2010, file no. 6796-2009. 541 days of prison on probation for concealment of murder against Kurt Schellenkamp and Rudolf Cöllen; Paul Schäfer had died in the meantime. He had been condemned to 7 years of prison in the first and the second instances |
| April 30, 1991 | 13. <i>Juzgado del Crimen de Santiago</i> , file 96447-91 | The tax authority SII files complaint against SBED in Person of Kurt Schnellenkamp and Hermann Schmidt for tax evasion | Sentence CA Santiago July 18, 2007, 3 years of prison on probation against Kurt Schnellenkamp |
| 1996 | <i>Juzgado de Parral</i> , file no. 53015-96, combined with <i>Juzgado de Parral</i> , file no. 53914, file no. 54712, and file no. 5413 (Judge Jorge Norambuena, then Judge Hernán González) | Sexual abuse and violation of children, child abduction, and refusal of the surrender of minors | Sentence <i>Corte Suprema</i> , file no. 3579-2011, January 25, 2013: 11 years of prison for Gerhard Mücke and Günther Schaffrik, and 5 years of prison against Hartmut Hopp, Gerd Seewald, Kurt Schnellenkamp, and Dennys Alvear; 14 other persons were sentenced to imprisonment on probation |
| 1996 | 14. <i>Juzgado del Crimen de Santiago</i> , file no. 136414-96, then CA Santiago, file no. 333657-2003 | CDE ./ Helmut Baar Kohler and others because of fraud and fake contracts (<i>contratos simulados</i>) in the framework of the transfer of assets from SBED to the ABC companies | Proceedings suspended (CA Santiago, May 30, 2011) |

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| January 12, 1998 | 7. <i>Juzgado del Crimen de Santiago</i> , file number unknown (Judge Lientur Escobar), then CA Santiago, file no. 2182-98 “Villa Baviera” (Judge Juan Guzmán), then CA Santiago, file no. 2182-98 “Episodio Alvaro Vallejos Villagrán” (Judge Jorge Zepeda) | Abduction (<i>secuestro calificado</i>) of Alvaro Vallejos Villagrán in 1974. Vallejos Villagrán continues disappeared. | Sentence <i>Corte Suprema</i> (file no. 19127-2017) August 6, 2018: 10 years of prison for Pedro Espinoza Bravo, Miguel Krassnoff Martchenko, and Fernando Gómez Segovia, 3 years of prison for Gerhard Mücke |
| March 25, 1999 | <i>Juzgado de Parral</i> , file no. 62577-99, | Formation of a criminal organization (CD-DINA) | Sentence <i>Corte Suprema</i> (file no. 14312-2016), December 29, 2016: 5 years and 1 day of prison for Kurt Schnellenkamp, Gerhard Mücke, Karl Van Den Berg, Fernando Gómez Segovia, and Pedro Espinoza Bravo. Initially, 14 <i>colonos</i> and 4 DINA-agents were indicted, 7 of them died before the final sentence, and 4 fled (three of them to Germany) |
| 2001 | <i>Juzgado de Parral</i> , file no. 64461-G, then CA Santiago, file no. 2182-98 “Parral” (Judge Alejandro Solís) | Abduction (<i>secuestro calificado</i>) of 27 persons from Parral and its surroundings in 1973-1974. They all continue disappeared | Sentence <i>Corte Suprema</i> (file no. 3587-2005) December 27, 2007: 5 years of prison for Hugo Cardemil Valenzuela, 4 years on probation for Pablo Caulier Grant |
| 2004 | CA Santiago, file no. 10-2004 (Judge Jorge Zepeda) | Abduction and torture of Adriana Bórquez in 1975 | Sentence CA Santiago, file no. 953-2013, October 30, 2013: 3 years of prison on probation for Gerhard Mücke and Fernando Gómez Segovia |

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|------|---|--|--|
| 2004 | CA Santiago; file no. 49-2004 and 67-2004 (Judge Jorge Zepeda) | Abduction and torture of 50 persons from Talca and its surroundings in 1975 | Sentence <i>Corte Suprema</i> (file no. 21614-17), May 22, 2018: 5 years of prison for Fernando Gómez Segovia, 3 years, and 1 day of prison for Gerhard Mücke |
| 2005 | CA Santiago, file no. 2182-98 “Juan Maino” (Judge Jorge Zepeda) | Abduction (<i>secuestro</i> <i>calificado</i>) of Juan Maino Canales, Elizabeth Rekas Urrea, and Antonio Elizondo Ormaechea in 1976. They continue disappeared | Sentence <i>Corte Suprema</i> (file no. 2931-14), November 14, 2014: 10 years of prison for DINA agents Manuel Contreras and Carlos López Tapia, and 5 years for Eugenio Fieldhouse Chávez Acquittals for the <i>colonos</i> Gerhard Mücke and Karl van den Berg. The case was reopened with new indictments against Reinhard Döring (2021) and Willi Malessa (2023) |
| 2005 | CA Santiago, file no. 2182-98 “Pedro Merino” (Judge Jorge Zepeda) | Abduction (<i>secuestro</i> <i>calificado</i>) of Pedro Merino Molina in 1974. Merino Molina continues disappeared. | Sentence <i>Corte Suprema</i> (file no. 22266-14), December 15, 2014: 5 years and 1 day of prison for Manuel Contreras, Pedro Espinoza Bravo, Orlando Manzo Durán, Fernando Gómez Segovia, Manuel Rioseco Paredes, and Sergio Aplaza Rozas; acquittal for the <i>colono</i> Gerd Seewald |
| 2005 | CA Santiago, file no. 2182-98 “ <i>lesiones graves</i> ” (Judge Jorge Zepeda) | ./. Paul Schäfer for bodily harm caused against 8 <i>colonos</i> by means of medically unjustified electric shock and drug treatment | Sentence <i>Corte Suprema</i> (file no. 4769-2008), May 12, 2009: 3 years of prison for Paul Schäfer |

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| June 7, 2005 | CA Santiago, file no. 2182-98 “ <i>Ley de Control de Armas</i> ” (Judge Jorge Zepeda) | Violation of weapons law | Sentence <i>Corte Suprema</i> (file no. 4708-2007), July 2, 2008: 3 years and 300 days of prison for Paul Schäfer, 2 years and 300 days on probation for Kurt Schnellenkamp and Karl van den Berg, and 90 days of prison on probation for Hartmut Hopp |
| 2016 | <i>Corte Suprema</i> , file no. 89658-16 | <i>Revisión</i> of the proceedings file no. 23919 of 1966 (<i>Juzgado de Parral</i>) upon request by Wolfgang Kneese (formerly Wolfgang Müller Lillischkies) | Revision ruling of August 23, 2017, annulment of the judgement of February 25, 1967 |
| 2017 | CA Santiago, file no. 683-2017 (Judge Mario Carroza, today’s judge is Paola Plaza) | Illegal burial and exhumation of the corpses of disappeared persons | Ongoing proceedings |

Source: Stehle (2021, p. 317 ff.), updated.

The only ongoing criminal proceeding today is being led by Judge Paola Plaza regarding the offense of illegal burial/exhumation (*inhumación/exhumación ilegal*). This proceeding seeks to establish the identities of the persons executed and buried in CD between 1973-75 whose corpses were presumably exhumated and burned in the later 1970s. New forensic methods like Light Imaging Detection and Ranging (LIDAR) and geo-magnetism are being employed in the search for human remains. However, until now, there has been no progress. In 2021, Judge Plaza reopened the case of three disappeared persons (Juan Maino, Elizabeth Rekas, and Antonio Elizondo). The *colono* Reinhard Döring was detained in Italy by a Chilean Interpol detention order. Nevertheless, for unknown reasons, Döring was liberated by a court in Florence before the period for the presentation of a Chilean extradition request had expired (Burghardt, 2021). He rapidly returned to Germany, where investigations against him by the public prosecutor of Münster had been suspended in 2019 (Löhning, 2019). In May 2023, Judge Plaza indicted the *colono* Willi Malessa in the same case and ordered his detention (Dannemann, 2023b).

The silence of perpetrators (Dreckmann-Nielen, 2022, p. 205ff.) and the slow progress of investigations result in biological impunity as victims, their relatives, and perpetrators pass away. Also, as mentioned, the escape to Germany of relevant Colonia members makes investigations more difficult. Recently, President Gabriel Boric, in his speech on the state

of his government, announced a National Search Plan (*Plan Nacional de Búsqueda*) as a last effort to find human remains to identify the 1 469 disappeared³⁰ of the Chilean dictatorship. It is hoped that this includes stronger efforts in terms of human resources, expertise, and technology as in the past to identify and clarify the fate of the dozens of persons who disappeared in Colonia Dignidad.

30 Of the 1469 forcibly disappeared during the Chilean dictatorship, so far, 307 have been identified (Dannemann, 2023a).

CHAPTER II

THE ECONOMIC STRUCTURE OF A CRIMINAL PROJECT

The economic structure of CD laid the framework for the perpetuation of the group and its criminal history over decades. It provided the necessary resources and autarchy for the System Colonia Dignidad over time. Eighteen years after the end of Colonia Dignidad, marked by the capture of Paul Schäfer in Argentina, the former Colonia Dignidad (ex-CD) today still exists under the name of Villa Baviera (VB). It represents a unique place where massive human rights violations took place and is still inhabited by former residents. While many of the previously around 300 inhabitants left the place since 2005, still around 100 *colonos* live there. Some of them are victims, some perpetrators, and many belong to a “grey zone,” a concept created by Primo Levi (1986). Although many things have changed, the corporate structure which controls the productive activities and owns the movable and immovable assets of the ex-CD persists. CD leadership created it in 1988/1989, and it remains unchanged and non-transparent until today.

In the founding years of the group around Paul Schäfer in the mid-1950s in the German town of Siegburg near Cologne, the economic foundation was laid for the group’s continued existence. A system of work outside of the official labor market was established: The full members of the group, the so-called “cross carriers” (“*Kreuzler*”), who had moved to Siegburg to live in the community, worked without receiving any wages and without any social insurance. Some worked in the retail stores or transportation companies of the leading members Alfred Schaak and Heinz Kuhn; others worked in constructing a youth center in Heide (Lohmar).

However, some members did perform outside jobs and services. Their wages went directly into the group treasury, which Paul Schäfer and Alfred Schaak managed. Schäfer described this “cross relationship” (“*Kreuzverhältnis*”) of unpaid work in return for fellowship, room, and board as “our order of life” (Stehle, 2021, p. 484). He propagated the internal narrative of a caring community that provided lifelong security to all its members. This narrative justified the absence of wages and social security and the nonexistence of private property. The normal *colonos* did not even have any pocket money of their own. External members of the group had to contribute one-tenth of their income to the group treasury. Additionally, many members donated private assets (e.g., inheritances or private homes) to the group. According to Schäfer, anyone who wanted to leave the group was treated as a “renegade” without any claims (*Ibid.*). Before their emigration, the economic foundations of the group in those years formed the blueprint for what was to come in Chile: creating a quasi-autarchical community that would pursue its criminal existence for almost half a century.

SLAVE-LIKE WORKING CONDITIONS – LABOR IN THE COLONIA DIGNIDAD

In 1972, the legal and consular officer of the German Embassy in Chile, Werner Kaufmann-Bühler, visited CD. He was shown around the installations and productive units of the settlement. In his report about his visit, he stated:

If one asks about the future of the colony, many questions remain unanswered. Economic problems do not seem to exist for the foreseeable future. The production of agricultural goods far covers the colony's own needs, including those for the hospital. A significant portion is likely to be sold. The main source of income – the leadership describes it as the colony's only source of income – is a quarry where gravel is extracted for road construction. Furthermore, the colony deploys construction crews consisting of loyal members on large construction sites in Santiago. The wages go to the leadership. In general, all members of the colony work without receiving wages. The productivity of the colony is based in no small part on the absence of the labor cost factor.³¹

Unpaid labor and child labor were integral parts and basic requirements for CD's continued existence from the beginning. For the functioning of CD structures, labor had multiple functions: First, it served to discipline the *colonos*. It provided the framework for daily surveillance and punishments and intended to prevent the *colonos* from thinking about what was happening around them. Due to the long and strenuous workdays, combined with systematic sleep deprivation, the *colonos* often found themselves in a state of extreme exhaustion, which encouraged their subjugation to the rules of the coercive collective. Second, CD generated massive profits from the *colonos'* unpaid labor. The generated revenues enabled CD to expand its criminal system further and secure it internally and externally, thus shielding the settlement from the outside world.

“Work is worship” was one of Schäfer's mottoes, a kind of religious imperative³² with which he justified slave-like working conditions in CD. The reference to God legitimized the system of work defined exclusively by Schäfer and the CD leadership. It was characterized by unfreedom, coercion, and arbitrariness. At the same time, the pseudo-religious reference justified a work-life beyond labor rules and laws. The *colonos* had no employment contracts, did not receive any wages, and hence did not acquire any rights to pension or social security benefits. Working life began in early childhood, at 7 or 8, and ended only with physical incapacity for work or death. The *colonos* were deployed wherever the CD leadership deemed them important. The workers were trained by other *colonos* and often assigned to several work areas at the same time. There were no fixed working hours. As a thumb rule, work had to be done until the task was completed. There were no days off, and resting only existed when no work was

31 PA AA, inventory ZW, vol. 111129. Report Werner Kaufmann-Bühler “Aufzeichnung des RK-Referenten der Botschaft Santiago über den Besuch der Deutschen Kolonie ‘Dignidad’ am 19.06.1972”.

32 PJK, folder Schäfer. Report by Willi Georg dated July 21, 1966, “Abschrift”, p. 3.

pending from the point of view of the CD leadership. Also, there was no retirement for the elderly. The *colonos* who could no longer do heavy physical work were assigned to work in other areas – but everyone kept working.

A CHARITABLE FACADE – THE LEGAL ENTITIES OF CD

On the record, i.e., in their charters, the various associations founded by the CD leadership focused on charitable work. They provided the legal framework for the economic activities of the group, which included the associations Private Social Mission (*Private Sociale Mission*, PSM), Beneficent and Educational Society Dignity (*Sociedad Benefactora y Educacional Dignidad*, SBED), and Community Organization for Social Development Perquillauquén (*Organización Comunitaria de Desarrollo Social Perquillauquén*, or simply Perquillauquén), and the associated institutions, such as the youth home in Heide (Lohmar), the hospital inside CD and CD's private school for external children on the access road to the settlement.

Before its emigration, the group registered the association PSM in Germany. In the mid-1960s, PSM acquired the official status of a charitable non-profit association. According to its charter, it served the purpose of providing help to needy young people. From the late 1950s until the early 1990s, PSM served as a (West-) German branch of CD. Even after the exodus to Chile, about 10 to 15 *colonos* kept living in Siegburg. They worked in several shops created by the company *Schaak und Kuhn OhG*, which had been founded by the *colonos* Alfred Schaak and Heinz Kuhn. At the same time, PSM was dedicated to acquiring donations, such as vehicles, machines, or spare parts, which were needed in Chile. Until the late 1980s, PSM also lobbied at the Federal German Foreign Ministry and the Chilean Embassy in West Germany, as well as at right-wing conservative individuals.

Several months after Paul Schäfer arrived in Chile, Hermann Schmidt together with the Chilean supporters Rudi Cohn and Erhard Eidner registered the Chilean non-profit association SBED. According to its charter, the SBED aimed “to help the needy youth; to help the homeless and helpless children and youths in general and in particular those in the provinces affected by the earthquake of 1960” (*Diario Oficial*, 1961). The following year, the Chilean Finance Ministry granted the SBED an exemption from the payment of corporate taxes.³³ The legal entity SBED was canceled by the Aylwin government by decree in January 1991 (*Diario Oficial*, 1991). However, SBED appealed this decision, which allowed a continuation of SBED until 1995. The former was crucial for CD, as

33 Ministerio de Hacienda, Decreto No. 4250 del 03.10.1962, cited in: 13. Juzgado del Crimen de Santiago, file no. 96.447, Sentence of April 21, 2003, p. 7/9.

SBED was the sponsor of CD's hospital and external school. In 1995, CD registered a new legal entity, the *Organización Comunitaria de Desarrollo Social Perquillauquén*. It took over the sponsorship of CD's school and hospital and exists until today.

COLONIA DIGNIDAD'S STRUCTURE AND ECONOMIC ACTIVITIES

In 1961, CD started to transfer large portions of its assets from Germany to Chile, including proceeds from the sales of private homes of group members. According to CD records, the income from about ten house sales in the early 1960s alone totaled about 400 000 Deutschmarks (DM). The youth home in Heide (Lohmar) was sold to the West German Army (*Bundeswehr*), which brought another 900 000 DM (Stehle, 2021, p. 127).

Presumably, with a part of this money, CD leadership members Hermann Schmidt and Rudolf Cöllen in October of 1961 acquired the *fundo El Lavadero* in Chile from the *Compañía Italiana de Colonización* (CITAL).³⁴ It had an extension of 3000 hectares. Schmidt and Cöllen remained the formal owners of the real estate. However, they transferred the right of use for the property to SBED. In 1966 and 1968, respectively, the neighboring estates *El Pasto* and *El Peumo* were purchased. Over the years, additional acquisitions of adjoining land added up to a total area of between 14 000 and 17 000 hectares. Furthermore, in the 1960s, CD bought an estate of 300 hectares of land (*El Litral*) in the town of Bulnes – 100 kilometers south of CD. There, they invested in a quarry that became economically important for both CD and the region. Furthermore, around 1984, CD established a restaurant with a tent seating hundreds of guests, which exists today under the name of “Villa Baviera Bulnes”. Finally, CD acquired a house in Santiago³⁵ and another one in Parral.³⁶

34 For more information on the Italian migrants that habited the land before the arrival of CD, see Micheletti (2021).

35 The house in Campos de Deportes 817 was located centrally, close to the Santiago National Stadium. It served as a place of accommodation for the *colonos*, for the distribution of goods produced in CD, as a warehouse for deliveries of goods shipped from Siegburg, and as a place for receptions and meetings. The house was equipped with radio and monitoring technology and a hydraulic ramp, allowing cars and trucks to be parked hidden underground. High-ranking DINA officials regularly visited the house. In 1975, a reception was held there for Pinochet's wife, Lucía Hiriart de Pinochet. The head of the intelligence service DINA, Manuel Contreras, and the minister of justice, Mónica Madariaga, were also present at this event. It is possible that the house was also used as a torture site by DINA (Stehle, 2021, p. 125).

36 In 1974, Colonia Dignidad made a house in Parral (La Unión 262, today Ignacio Carrera Pinto 262) available to the secret service DINA. As long as the DINA existed (1974-1977), the Brigada de *Inteligencia Regional Sur* (BIR-Sur) headquarters was the only DINA brigade stationed outside Santiago. It was responsible for information gathering and repression in the region between Rancagua and Concepción. The BIR-Sur had about 50 agents in different cities, led by Fernando Gómez Segovia from 1974 to 1976 and Eduardo Guy Neckelmann Schütz from 1976 to 1977. In 2022, the house was declared a historical

From the beginning, most of CD's property was registered with private individuals – exclusively *colonos* loyal to the CD leadership.³⁷ Hence, officially, SBED did not own any real estate. The formal owners then transferred their usufructuary rights to SBED. In 1968, an inquiry commission by the Chilean House of Representatives (*Cámara de Diputados*) reprimanded this procedure in a report (*Cámara de Diputados*, 1968) and demanded an immediate transfer of the land and assets to the SBED – yet this never happened. A reason for the maintained individual ownership of property may have been CD's fear of losing assets in the event of a dissolution of the association or by land reform, as it was promoted by the governments of Eduardo Frei Montalva and later Salvador Allende. CD land ownership was redistributed among loyal *colonos* several times. In particular, parcellations took place in 1977 and 1986. The individual properties, named "*Dignidad*" in 1977, were renamed "*Villa Baviera*" in 1986.

The first years of CD in Chile were marked by construction work ("*Aufbauarbeit*") – buildings were erected, roads were built, and fields were cultivated, which led to a lively economic activity. Officially, CD always affirmed that all revenues from economic activities were entirely spent on social work, particularly for CD's hospital. As a result, SBED was recognized as a non-profit organization and exempted from corporate taxes. However, various sources suggest that SBED did not report to Chilean authorities until the late 1980s.

In 1966, Wolfgang Müller Lilischkies and Wilhelmine Lindemann succeeded in escaping from CD, followed by broad media coverage, which then led to investigations by several agencies of the Chilean government. In 1968, an inspection of the State Defense Council (*Consejo de Defensa del Estado*, CDE) determined a broad economic activity by SBED.³⁸ Already then, the association had an extensive industrial agriculture, handicraft enterprises, power plants for electricity generation, a tile factory, a manufacturing plant for cement pipes, a mill, bakery and confectionery, poultry and pig breeding, modern workshops, and a large fleet of vehicles. According to CDE, these enterprises also provided services for third parties below production prices. SBED President Hermann Schmidt had explained to CDE that all revenues from the quarry and the numerous trucks imported without paying customs duties were entirely spent on SBED's social work. However, this claim could not be verified.

Also, in 1968, the Superintendency of Customs (*Superintendencia de Aduanas*) investigated CD due to accusations of customs fraud, which had been particularly voiced in media reports. CD's stone-crushing plant in Bulnes and various vehicles were confiscated, and a criminal complaint for customs fraud was signed. The court in Parral initiated a criminal procedure.³⁹ However, the following year, the case was suspended without results.

monument at the request of the organization of relatives of the disappeared (Diario Oficial, 2022).

37 PA AA, inventory AV NA 31576. Vorgänge um die ehem. Colonia Dignidad, hier: Grundbuchauszüge.

38 CA Santiago, file no. 2182-98 ("*Asociación Ilícita*"), vol. I (2) (Parral), Sheet number 935-954. Consejo de Defensa del Estado, Informe No. 378 referente a la posibilidad de cancelar la personalidad jurídica de la corporación "*Sociedad Benefactora y Educacional Dignidad*" of June 25, 1968.

39 Juzgado de Parral, file no. 25097.

In a report for the mentioned investigative committee of the Chilean House of Representatives from June 1968, the Chilean Labor Authority concluded that the individuals who perform services for the SBED do have worker status and that labor and social security legislation has to be applied (Cámara de Diputados, 1968, p. 1138). Despite these clear statements, SBED did not provide any working contracts for the *colonos* for the next almost 40 years. Only in 2005, CD companies started to pay wages. Since 1990, they had formally begun registering regular employment relationships, yet wages were only paid on paper. In practice, large parts of the nominal salary were deducted for housing and board or as “donations” to CD’s hospital; the *colonos* received only a small allowance. Since most of the *colonos* could not leave CD up to 2005 anyway, money had a minimal function for them. However, they find themselves with no or only small social security contributions today.

Expansion of economic activities during the dictatorship

With the military coup in 1973, CD’s “golden era” began in political and economic terms. CD’s business activities, which had not been rigorously controlled even before, were no longer monitored. The work at CD’s quarry – extraction and sale of crushed stone for the construction industry – also expanded. In 2009, investigative journalist Pedro Ramírez described the scope of these business operations as follows:

For two decades, it was a true monopoly that supplied construction projects from Los Angeles to Talca. It was impossible to compete with their prices, for a factor that was as simple as it was illegal: the Germans were not paid wages or social laws. In the mid-1980s, Abratec consolidated its place in the construction major leagues when it took on two monumental tasks at the Colbún Machicura dam site: the drilling of a tunnel and the excavation of the canal that runs from Machicura to Talca.⁴⁰

Furthermore, CD was engaged in illegal arms production and trade and mining projects during the dictatorship.

Arms production and trade

CD produced and stored arms. It traded arms and brokered arms deals between third parties. As early as the 1950s, Schäfer and other leadership members had firearms at their disposal. The *colonos* who Schäfer sexually abused reported that he intimidated them with a pistol in Germany as early as the 1950s in Germany. He also threatened to kill them if they told others about his acts of abuse.

A more massive arming of the group occurred in the wake of the election of Salvador Allende’s socialist government in 1970. CD acquired weapons on the European black market and brought them to Chile, where they replicated, for example, machine guns and grenades. The *colono* Karl van den Berg was in charge of producing weapons, in

40 Ramírez (2009).

some cases involving 40 *colonos* working in shifts. During interrogations in 2005, various *colonos* confirmed their involvement in producing machine guns, submachine guns, hand grenades, explosives, silencers, and night vision devices beginning in 1970 and partially until 1994.

While before the 1973 coup, the arming was presumably destined for the “self-defense” of CD and to militant right-wing extremist groups like Patria y Libertad that opposed the *Unidad Popular* government, after the military takeover, CD engaged more massively in arms production and trade. While there is plenty of documentary evidence on the existence of arms deals, the concrete extent of it remains unclear. It seems clear, however, that the German arms dealer Gerhard Mertins, who also worked for the Federal German Secret Service BND, played an important role in this context. Mertins visited CD regularly and lobbied in favor of it before German political and judicial authorities. He also established close connections to the head of DINA, Manuel Contreras. The following quotes give hints on the role that CD may have played in arms deals involving Gerhard Mertins: The CD leadership member Kurt Schnellenkamp, in his interrogation by Chilean judge Zepeda in 2005, declared:

I know that this gentleman was selling armaments to different governments of the Middle East as well as to Iraq. Mertins’ company was called Merex. Mertins asked me on one occasion, as a result of my contacts with FAMAE [Chilean state-owned arms manufacturer], to consult if this company could send 100,000 mortars to Iraq.⁴¹

Guy Eduardo Neckelmann, head of the DINA in Parral from 1976 to 1977, even spoke of an offer by Mertins to supply Leopard tanks to Chile:

I was surprised when Schäfer assured me that if I had the need to obtain ‘Leopard’ tanks, they could assemble them for me. I did not report this to Manuel Contreras because for me it was not credible [...] Many years later I became aware that the Germans [CD] had made contact with a foreign arms dealer, and based on that, I estimated that it was very likely that they could arm the tanks they offered me.⁴²

There is evidence that arms deals were not only talked about but materialized. In 2006, high-ranking Chilean police officers visited their German colleagues to coordinate investigations regarding CD. One of them informed:

According to Mr. Castillo, it was possible to find the weapons depots on the extensive site of ‘Colonia Dignidad’ on the basis of statements made by settlers. Under Pinochet, chemical weapons for a possible war with Peru were produced on the areal. Mr. Castillo reported extensive arms shipments by airplane from Miami to Chile. There is film material available, which proves that about 100,000 hand grenades reached the ‘Colonia’ in this way.⁴³

41 CA Santiago, file no. 2182-98 (“Asociación Ilícita”), vol I (2) (Ministro), sheet 453 ff. Interrogation of Kurt Schnellenkamp on June 23, 2005.

42 CA Santiago, file no. 2182-98 (“Asociación Ilícita”), vol. IV (Ministro), sheet 1789. Interrogation of Eduardo Guy Neckelmann Schütz on October 18, 2006.

43 PJS, collection IFG BMI. Letter of the BKA (Federal Criminal Police) to the BMI (Federal Ministry of the Interior) of July 4, 2006, file no. SO 11 -107 – 218063105.

Mining projects

During the dictatorship, CD also initiated mining activities. As with the arms trade, these operations' extent remains unclear. Several *colonos* mentioned gold mining activities in the late 1970s and early 1980s. In 2005, the *colono* Dieter Malessa reported during a judicial hearing:

I must point out that from the year 1979 to 1984 I worked in the Tirua gold mine, I was working in everything related to heavy machinery, such work was done in the months of November to March during five years. With regards to the production of the mine, I never knew the amount of gold that was taken out, since everything was secret and nobody dared to consult the profit of the production, the only one who knew that was Schäfer.⁴⁴

Also in 2005, the *colono* Gerd Schaffrik reported mining activities at three other sites, as well as extensive gold production:

Between 1978 and 1979, in the summer, I was in the Villa [Baviera] cleaning the gold that was obtained in large quantities from Carahue. From the second to the fifth year, I was in the mines located in Allinco, Colico and in the river Loncotripay [...]. In the Villa we smelted gold in bars of 200 gram and we also cleaned them in baths with electrolyte and chemistry as well. Hermann Schmidt and I were in charge of these tasks. Eugen Böckler built the electrical apparatus for the electrolytic baths.⁴⁵

CD had formally applied for a mining permit,⁴⁶ which was granted (Diario Oficial, 1980). In 1980, the head of the geographic laboratory of the University of Chile in Temuco, Eduardo Pino Zapata, criticized CD's plans to mine titanium iron ore in the province of Cautín (La Tercera, 1980). The area contained the largest deposits of this valuable mineral, which was particularly important for the defense industry. However, from today's perspective, there is no evidence that CD mined titanium iron ore.

The German arms dealer Gerhard Mertins is said to have also been a business partner of CD's mining projects. Alfred Gerlach, one of CD's pilots, reported that the gold mine in Carahue was a joint venture between Schäfer and Mertins.⁴⁷ The *excolono* Franz Baar reported that during the prospecting work, he once met Pedro Espinoza Bravo, vice-chief of the secret service DINA (which at that time already had been dissolved) (Basso, 2015).

44 CA Santiago, file no. 2182-98 ("Asociación Ilícita"), vol. II (2) (Parral), sheet 1413 f. Interrogation of Dieter Malessa on March 22, 2005.

45 CA Santiago, file no. 2182-98 ("Armas"), vol. II, sheet 421. Interrogation of Gerd Schaffrik on September 22, 2005.

46 In August 1979, the State Mining Bulletin published three applications by SBED for the granting of exploration licenses in the municipalities of Carahue and Teodoro Schmidt in the province of Cautín (9th Region). The application was not only for permission to prospect for gold but read: "Que hemos descubierto un yacimiento de placeres metalíferos que contienen titanio, tantalio, zirconio, plata y oro." Boletín Oficial de Minería de Santiago, August 16, 1979.

47 CA Santiago, file no. 2182-98 ("Asociación Ilícita"), vol. I (2) (Ministro), Sheet 399. Interrogation of Alfred Gerlach on March 22, 2006.

State sponsored sources of income

Most of the *colonos* remained West German citizens, and some officially received pension payments from West German social insurance. However, the money never reached the beneficiaries⁴⁸ but ended up in the treasuries of the CD leadership and, thus, became a constant source of income for CD. Over several decades, these payments presumably added up to a double-digit amount of millions of Deutschmarks (DM) (Neuhof & Weidmann, 2016). Due to the existing differences in purchasing power between Chile and Germany, these payments were crucial for CD. Through the years, over 20 *colonos* were constantly entitled to German pension payments. These were officially paid to their personal bank accounts in Germany. However, PSM representatives disposed of powers of attorney for these accounts so that the beneficiaries never received their money. For continued payments, each beneficiary had to present a life certificate once a year, which had to be extended by the West German consulate in Santiago. However, in a breach of consular regulations, until 1985, the consulate extended these certificates of the *colonos* collectively, without seeing any individual beneficiaries personally.

After Hugo Baar's (1984) and Lotti and Georg Packmor's (1985) escape from CD and their reports to the West German embassy, the German consulate ended this collective extension of life certificates and demanded a personal appearance of the respective beneficiaries. Consequently, German pension administrators stopped pension payments. In reaction to this, CD lawyers filed a large number of lawsuits against the agencies in Germany (Stehle, 2021, p. 134), which lasted for many years and went up to the highest instance, the Federal Social Court (*Bundessozialgericht*), which interrupted some of the payments. Eventually, however, all payments were disbursed.

Additionally, CD received high amounts of subsidies from the Chilean state for its supposed charitable actions, namely the hospital and the private school. Even though SBED always claimed it would provide unpaid voluntary social work for the poor rural population of the region, it is more likely that CD's school and hospital were both important sources of income for CD. The school received government subsidies, and the hospital was extensively funded over decades by the Chilean National Health Service (*Servicio Nacional de Salud*, SNS).

CD's private but state-subsidized external school exists until today, now under the name of "*Escuela Villa Baviera*." The school for 70 students from the region was inaugurated in 1985 by Lucía Hiriart, dictator Pinochet's wife. Children of the *colonos* only started to attend the school after Schäfer's arrest. Before, they attended an internal school in CD. Since its foundation, the external school received government subsidies. In 1990, these amounted to slightly more than 3 million pesos annually. In addition, the National Board of School Aid and Scholarships (*Junta Nacional de Auxilio Escolar y Becas*, JUNAEB) provided breakfast and lunch for the students.

48 PA-DBT, inventory 3127, file no. 712 – UA 2 – 2451. Stenographisches Protokoll der 10. Sitzung des Unterausschusses für Menschenrechte und Humanitäre Hilfe, February 22, 1988, p. 10/154. Available online at <http://coloniadignidad-prot.blogspot.com/>.

CD's hospital, "*El Lavadero*," was built in the early 1960s. The SNS officially recognized it as a private hospital in 1968. Through a contract with the SNS, CD's hospital received medicines, medical supplies, and milk from the state starting in 1972. Additional monthly payments began in 1979. Further subsidies partially replaced the value of health services provided in 1985 and entirely replaced them in 1989. In 1988, the hospital was renamed "*Hospital Villa Baviera*". In 1990, government payments averaged around 7 million pesos per month (Stehle, 2021, p. 136).⁴⁹

FOUNDATIONS FOR CONTINUITY – THE CREATION OF THE ABC HOLDING

The Chilean constitution, adopted in 1980, stipulated that after eight years of Pinochet's presidency, a plebiscite would have to be held on the continuation of the government. When, in early 1988, the vote was foreseeable, and thus an end of the dictatorship became conceivable, CD began a series of measures to restructure its assets.

Above all, it wanted to prevent any future government from the possibility of confiscating CD assets. In mid-1988, Gerd Seewald wrote to Alfred Matthusen, the head of PSM about the creation of a new company:

Since the beginning of April this year, we have taken over the general agency for electrodes from ABRACOR, Belgium. For this purpose, we have specially established a joint-stock company, ABRATEC S.A.C.I. The bosses of ABRACOR know that ABRATEC is practically nothing else than the Sociedad [...]. We have established with ABRATEC a fourth pillar, in addition to our agriculture, our stone crushing plant and our casino.⁵⁰

Heinz Euteneier, a friend of CD, arranged the takeover of Abracor's representation. Four *colonos* were the first shareholders of Abratec.⁵¹ In subsequent years, those *colonos* who formally owned CD's quarry, CD's restaurant, and large portions of the movable assets (including the fleet of 42 trucks, industrial and agricultural machinery, and the medical equipment of CD's hospital) transferred their assets to Abratec. In return, they received Abratec shares.

In January 1990, the company Cerro Florido Sociedad Colectiva Civil (CF) was founded. Large parts of CD properties were transferred to CF. Before, in November 1989, CD attorney Cirilo Guzmán de la Fuente, together with his son Juan Pablo Guzmán Giessen founded three new closed joint stock companies (*sociedades anónimas*, S. A.): Agripalma

49 In 1990, 7 million Chilean pesos amounted to around 20 000 US dollars.

50 PJS, collection CD. Letter from Gerd Seewald ("Dr.") to Alfred Matthusen w/o date [presumably 1988].

51 Karl van den Berg, Willi Malessa, Helmut Seelbach, and Siegfried Hoffmann.

S. A., Bardana S. A., and Cinoglosa S. A. With their initial letters, three stock companies Agripalma, Bardana and Cinoglosa formed the so-called “ABC Holding”. Subsequently, the holding took over the shares of Abratec and CF. By successive capital increases, most of the *colonos* “acquired” – often without their knowledge – different amounts of the altogether 99,000 shares of the ABC companies. “Normal” *colonos* received 360 shares, while others held many times more.⁵²

The ABC companies still exist today. Until very recently, the *colonos* were the only shareholders. Curiously enough, not all of the *colonos* became shareholders; for example, many of the Chilean adoptees did not receive any shares. This unjust repartition of shares is criticized until today, especially by the *colonos* who did not receive shares. Many members of the CD leadership did not receive shares nor transfer them to their children. This action was presumably done on purpose to prevent seizures in the event of civil claims by CD victims. In 2006, a total of 197 *colonos* were said to have held various numbers of shares of the ABC companies. In 2015, ABC Holding sold Abratec, which had accumulated a high debt to the company Inversiones e Inversiones Cepaemil S.A., represented by the investor Felix Olavarria. In 2019, Cepaemil presented civil suits⁵³ pretending the ineffectiveness and reversal of the purchase, alleging having been deceived. The civil suits are still pending.

In 2016, Adolf Heller, a Chilean investor, subsequently acquired around 16% of ABC shares from the *colonos* in Chile and Germany by means of his company Callaqui SpA.⁵⁴ According to Heller, he invested 658 million pesos.⁵⁵ This corresponds with a price of around 42 000 pesos per share. Assuming this as the market price, the market value of all 99 000 ABC shares would amount to approximately 4.16 billion pesos (as of 2016). With an exchange rate of 700 pesos per euro, this total amounts to around 6 million euros.

In a 2016 calculation, the ABC’s attorneys Juan Pablo Guzmán and Manuel Suárez⁵⁶ estimated a much higher market value of the ABC companies of 20 billion pesos. After deducting liabilities amounting to 7.1 billion pesos, they concluded a net market value of 12.9 billion pesos (roughly 130 000 pesos per share), which equals around 18.4 million euros. The strong discrepancy between the two calculations illustrates the complete lack of transparency around the actual situation of the ABC companies.

In 2021, Heller presented criminal charges against ABC for what he describes as unfair

52 PJS, collection CD. Delegado de Gobierno (Herman Schwember) – Programa Integral de Transición Comunidad de Villa Baviera (ex-Colonia Dignidad), March 2006, p. 26. A large part of the stock owners held between 360 and 410 shares. Others only received 50 shares. A few received much larger portions: Peter Schmidt, for example, received 2443 shares.

53 7. Juzgado Civil de Santiago, file no. 16102-2019 and 14. Juzgado Civil de Santiago, file no. 528-2019.

54 The numbers in this section are taken from the criminal complaint presented by Adolf Heller’s company Callaqui SpA against the ABC companies on December 2, 2021, to the Juzgado de Parral, file no. 1653-2021.

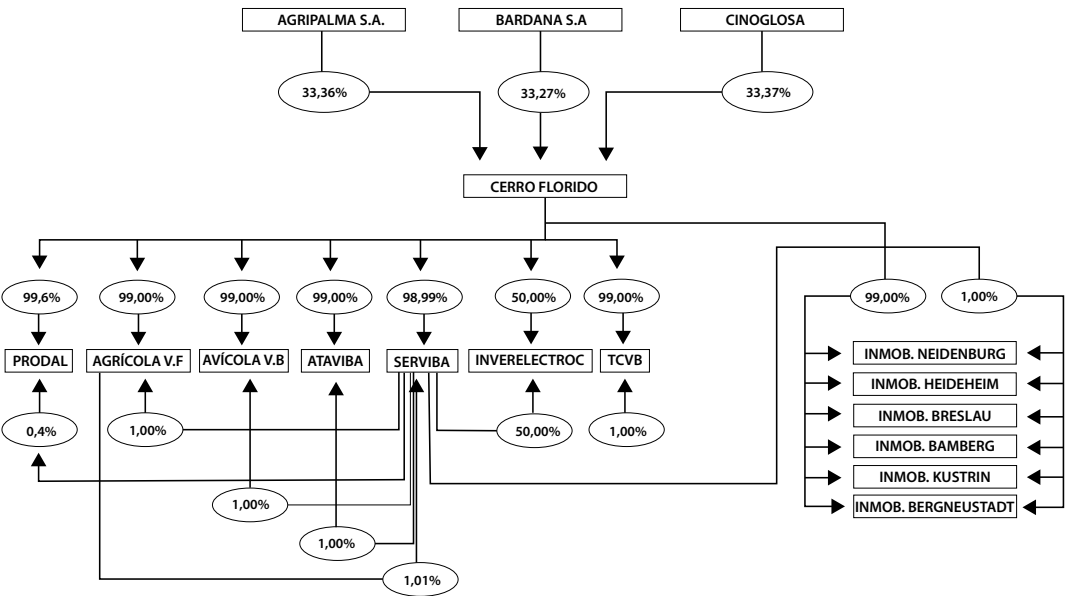
55 Heller, however, according to his criminal complaint, until December of 2021, only had paid 245 million of this sum – many *colonos* only received a down payment of 15% of the promised sum. See: Juzgado de Parral, file no. 1653-21, criminal complaint of December 2, 2021.

56 PJS, collection CD. Protokoll der Versammlung der Mitglieder der Villa Baviera, June 16, 2017 PREP.

administration, money laundering, and incompatible negotiation.⁵⁷ His complaint was particularly directed against three executives of the ABC companies: Markus Blank, Thomas Schnellenkamp, and Hans-Jörg Schreiber. As Heller explained to the court, the ABC holding, which he describes as a “juridical bunker” and “particular corporate structure” of the *Villa Baviera*, consists of three levels: On the first level, there are the holding companies Agripalma, Bardana, and Cinoglosa. On the second level is the Inmobiliaria e Inversiones Cerro Florido Ltda. (CF), which concentrates the assets. Finally, on the third level, there are diverse subsidiaries of CF, founded after 2005. According to Heller, the three executives, Blanck, Schnellenkamp, and Schreiber, hold key positions on different levels and thus exert all power while leaving the ABC shareholders without any influence and without any possibility to obtain information on the relevant numbers of their companies.

The following chart illustrates the current 3-level-structure of the *Villa Baviera* holding according to Heller:

Figure 1.
Villa Baviera’s 3-level-structure according to Heller



Source: Juzgado de Parral, file no. 1653-2021. Criminal complaint presented by Adolf Heller’s company Callaqui SpA against the ABC companies on December 2, 2021, p.4.

57 The investigation is being led by the Juzgado de Parral, file no. 1653-21.

THE CANCELLATION OF SBED AS A LEGAL ENTITY

In January 1991, the post-dictatorship transition government under President Patricio Aylwin Azócar published a decree that stripped SBED of its status as a legal entity. At that time, all CD assets were no longer owned by SBED but, formally, in the private hands of numerous *colonos* who had received shares of the ABC companies. The dissolution of SBED thus had hardly any practical consequences. Nevertheless, CD defended itself legally and started an extensive media campaign, claiming the state would attack their social work in the hospital and the school. As a consequence, CD received considerable political support from the political right. While SBED filed various appeals against the decree, 17 right-wing senators filed a constitutional complaint against the decree in March 1991.⁵⁸ Various legal appeals delayed the dissolution of SBED until late 1994. CD needed a non-profit legal entity to be eligible for government subsidies for hospitals and schools. For this purpose, CD immediately founded a new association, the “Perquilauquén.” The Municipality of Parral recognized it in May 1995. It continued to run CD’s school and health center (located in the former hospital) and does so until today.

Due to the reports of the Baar and Packmor couples, who had managed to escape from CD in 1984 and 1985, as well due to increasing pressure from the German government, the Chilean judiciary in January 1989 initiated an investigation of CD. However, it only took place after intense legal disputes and had a unique character: It was not an official criminal investigation but an administrative procedure to determine any possible base for future criminal investigations. Responsible for these proceedings was at first Judge Guillermo Navas of the Court of Appeals (*Corte de Apelaciones*, CA) in Chillán and later Judge Hernán Robert Arias of the Court of Appeals in Talca. On July 31, 1989, Robert submitted his report to the Supreme Court (*Corte Suprema*). He criticized SBED for failing to provide him with complete accounting despite its legal obligation to keep accurate accounts. Robert noted that SBED had received large government payments for the work of schools and hospitals but was unable to document which proportions of SBED revenues were spent on this social work. The aggregated SBED accounting showed a profit year after year, but it was not possible to track which part of the revenues was spent on social work. SBED received SNS payments for each medical service, up to nearly 69 million pesos annually. Hence, the figures presented by SBED did not show that the association was doing charitable work for the sick or the poor. Judge Robert stated:

It follows from the foregoing that the uniform assertion of the directors and members of the Colony that the aforementioned Hospital establishment provides free care to the peasants and poor people living in the vicinity of Villa Baviera is not effective.⁵⁹

58 Tribunal Constitucional, file no. 124-1991. The complaint was rejected on June 18, 1991.

59 Juzgado de Letras de Parral, file no. 43.210. Informe sobre Investigación a Colonia Dignidad, Ministro en Visita Extraordinaria Hernán Robert Arias, Ministro I. CA Talca, w/o date. The Report was presented to the Supreme Court by Robert on July 31, 1989. Contained in: CA Santiago, file no. 2182-98 (“Asociación Ilícita”), vol. I (2) (Parral), sheets 585-676, here sheet 670.

Furthermore, according to Robert, the land owned by SBED was actually not owned by the corporation but by individual *colonos*. Some of them had told him that they had been chosen as owners of the land because of the trust CD placed in them but that they did not pay the purchase price. Robert recalled that, as early as 1968, an investigative commission of the House of Representatives (*Cámara de Diputados*) had demanded that the land be transferred to the ownership of SBED – but this was never implemented. Some of the interrogated *colonos* did not even know who the actual owners of the properties were. In September 1989, Judge Robert ordered the opening of criminal proceedings against SBED for fraud.⁶⁰ However, these proceedings were dismissed shortly after without result.

After taking office on March 11, 1990, the new government under the Christian-democrat president Patricio Aylwin again referred to Robert's report. Its content laid the foundation for the dissolution mentioned above of the SBED. In its dissolution decree of January 31, 1991, the government argued that SBED had not fulfilled its statutory purpose and favored its members in its place. Instead of helping poor children and adolescents, SBED financed its own group's livelihood. Through its economic activities, SBED had made high profits, yet, at the same, it had received state payments for hospitals and enjoyed other benefits, such as an exemption from customs duties, which are a privilege of non-profit organizations. In addition, according to SBED figures for 1989, only about 9% of the association's income had been spent on social work in hospitals and schools. In a joint press release, the Chilean ministries of the Interior and Justice wrote:

The cancellation of the legal entity of Colonia Dignidad puts an end to an enclave that for 29 years has tried to constitute itself as a state within a state, imposing on its members a system of life completely at odds with our Western-Christian conception of the family and, in addition, evading compliance with the laws that govern all the inhabitants of the Republic.⁶¹

In relation to the patrimonial situation, they stated:

The de facto reality of the corporation is very different from that established in its statutes. Under the protection of the cancelled legal entity, a closed human nucleus has been organized, not integrated to the Chilean community, composed of approximately 312 people who live in the so-called Villa Baviera permanently, led by a small group of leaders, under a regime of life and work not exempt from serious arbitrariness, with which they tend to satisfy in a regular and continuous manner their vital needs of housing, food, clothing etc., being thus, the associates the main beneficiaries of the work in common. The profits that the society obtains from its agricultural, forestry, mining, industrial and commercial exploitations, are all lucrative, which not only were not destined to the fulfillment of the charitable purposes contemplated in its statutes, but also are not consumed in the only two social activities it carries out, which are the hospital and the elementary school, which, on the other hand, mainly function due to the state contributions delivered, which amount to more than \$83.000.000.- per year. Colonia Dignidad's patrimony is currently made up of more than 15,000 hectares of real estate, industrial,

⁶⁰ Juzgado del Crimen de Parral, file no. 43.899.

⁶¹ PA AA, inventory AV NA 31605. Ministerio del Interior und Ministerio de Justicia, Declaración Pública of February 1, 1991.

commercial and mining complexes, and a large amount of movable property, benefited by customs exemptions and tax exemptions. All this patrimony in the last time has been transferred to commercial companies owned by a reduced group of leaders of the Colony.⁶²

The dissolution decree ordered all SBED assets to be transferred to an ecclesiastical institution, the *Corporación Metodista de Chile*.

Wiegand Pabsch, German Ambassador to Chile, reported urgently to the German Ministry of Foreign Affairs in Bonn that he had just learned about the Chilean government's decision. He immediately spoke to Belisario Velasco, Secretary of State in the Chilean Ministry of the Interior, and expressed his concern about the government's measures:

I pointed out the repeated assurances of various ministers that the economic basis of the continued existence of the inhabitants of CD, the majority of whom are probably more likely to be victims rather than perpetrators, should not be touched. One must not lose sight of this goal. Velasco replied that Chilean law does not know any alternatives. If the residents of 'Villa Baviera' had unjustly enriched themselves, through unauthorized tax and other benefits granted to CD, or had committed other violations of the law, they were liable. It can be assumed that the measures now initiated will still take some time [...]. However, it cannot be ruled out that members of the colony – possibly against the will of their leaders – may one day turn to the German public and German authorities for protection against the deprivation of their economic livelihoods, which they have worked for over 30 years, by an expropriation-like intervention.⁶³

This strong posture of the German government in favor of the colonos and the continuity of CD should remain unchanged over the following decades.

LEGAL PROCEEDINGS REGARDING THE ECONOMIC SPHERE

While CD took legal action against the dissolution decree, the Chilean government initiated a series of criminal proceedings against CD for economic offenses. In March 1991, the tax authority Internal Revenue Service (*Servicio de Impuestos Internos*, SII) opened criminal proceedings against Hermann Schmidt and Kurt Schnellenkamp for tax evasion.⁶⁴ On September 29, 1995, the 13th criminal court (*Juzgado del Crimen*) in Santiago filed charges against Schmidt and Schnellenkamp for not paying tax on profits

62 *Ibid.*

63 PA AA, inventory AV NA 31605. Drahtbericht 75, report of ambassador Pabsch to the AA of February 2, 1991.

64 Juzgado del Crimen de Santiago, file no. 96447. The proceedings were being led against Schmidt and Schnellenkamp as directors of the SBED.

from investments in investment funds from 1986 to 1989, thus evading taxes amounting to over 152 million pesos. Twelve years after the initial charges, in 2003, Schnellenkamp was sentenced to three years of jail on probation and was ordered to pay the tax debt. Schmidt had died in the meantime. The sentence did not become final until the end of 2007. Since Schnellenkamp did not have any assets, the tax debt could not be collected. Further criminal proceedings against SBED board members for customs fraud were also initiated in 1991 but were suspended later.

In addition to the mentioned criminal proceedings, the State Defense Council (*Consejo de Defensa del Estado*, CDE) initiated proceedings in 1996 because of the fraudulent transfer of CD assets to the ABC companies between 1988 and 1990. A criminal investigation for fraud (*contratos simulados*) was opened⁶⁵ and became quite relevant. In July 1996, the CDE succeeded in placing liens on large portions of CD's land, which was a form of seizure. CD companies were no longer able to take out mortgages on these lands, which put them in an increasingly precarious financial situation. The court named financial experts who reported that the transfer of mobile and immobile assets to the ABC companies had been fraudulent because the formal owners could not prove the lawful provenience of the assets, which were transferred to ABC companies in return for ABC shares. CD attorneys opposed this view and argued that the allegedly fraudulent financial operations were time-barred after more than five years. The investigation slowed down, and the court eventually rejected indicting CD leadership members. However, the investigation was not officially suspended and remained open for many years, which caused financial problems for the ABC companies in their need for fresh funds due to the liens placed on the land.

After Paul Schäfer's detention, the German embassy in Chile lobbied the Chilean government to lift the confiscation. In 2008, it commissioned the insolvency administrator Herman Chadwick to prepare a study on the financial situation of the ABC companies. The study confirmed the desperate financial situation of the companies and emphasized their need for new loans.⁶⁶ In 2009, the CDE offered the CD/VB companies a deal: They would lift the seizure if the companies guarantee that they would cover future civil reparation payments established by the Chilean justice system against individual CD perpetrators. This agreement was especially relevant for the proceedings regarding sexual abuse against Chileans since it was feared that CD perpetrators would allege indigence in order to evade reparation payments.⁶⁷

On August 21, 2009, the CDE signed a corresponding agreement with the CD/VB companies Abratec and CF.⁶⁸ The companies committed to register a mortgage in favor of

65 14. Juzgado del Crimen de Santiago, file no. 136414.

66 PJS, Herman Chadwick Larraín, Informe de Gestión Villa Baviera, August 1 to December 31, 2008.

67 In the case of proceedings concerning crimes committed by CD perpetrators and Chilean state agents in the context of the dictatorship, this fear was less relevant for the victims because the Chilean state would be co-liable for the payments.

68 Contract "Transacción e Hipotecas Fisco de Chile – Consejo de Defensa del Estado e Inmobiliaria e Inversiones Cerro Florido Limitada y Abratec S.A.," signed August 21, 2009, at the notary's office of Osvaldo Pereira González, Repertorio No. 11335 – 09, available online at <http://ciparchile.cl/wp-content/uploads/escritura-publica.pdf>.

the Chilean treasury for four parcels of *Villa Baviera* (with approximately 3 500 hectares). Experts had previously estimated the market value of these parcels of land at over 6 million US dollars. The contract listed 40 individual criminal proceedings, for which the CD/VB companies committed themselves to pay compensation if the claim would be established in the last instance by December 31, 2017, or, if necessary, to be liable for them with their land.

The agreement reflected the desperate situation of both parties: The ABC companies urgently needed the liens to be lifted to improve their liquidity and ensure their economic future. Given the unwillingness of the court to indict CD leaders, the CDE, represented by attorney Daniel Martorell, saw the agreement as its only way to hold the former CD responsible for a limited compensation of at least some victims, as determined by the Chilean justice system. The CDE feared that the court might otherwise dismiss its proceedings completely in the near future. At the same time, however, the agreement meant the closure of the proceedings,⁶⁹ which rendered any further judicial investigation of the assets quasi-impossible. The former would constitute a de-facto legalization of CD's patrimony accumulated by slave-like labor and other criminal practices.

In February 2013, the Chilean Supreme Court condemned several *colonos* and CD supporters for sexual abuse and violations of minors between 1993 and 1997. It established a total reparation sum of more than 1 million US dollars. However, when the victims' lawyers tried to claim the payments, they found that the mortgaged land for the event had been transferred from their original owners to a new company that the CD/VB leadership had set up, the *Inmobiliaria Bergneustadt Ltd.* The company pledged not to be responsible for any payments. With all kinds of legal dodges by their attorneys, CD/VB companies' leaders managed to evade the payment until June 2022, when the court finally auctioned a parcel of CD's/VB's land for around 950 000 euros, which represented only two-thirds of the compensation sum (Löhning, 2022). The ABC companies averted a second auction by directly paying the remaining sum of about 450 000 euros (*Ibid.*). Presumably, these payments are the only civil compensations paid on behalf of CD perpetrators after half a century of criminal history.

ECONOMIC ACTIVITY OUTSIDE OF THE ABC HOLDING

In the mid-1990s, the Chilean government dissolved SBED, and legal initiatives, such as the mentioned, exerted pressure on the economic structure of CD, threatening to narrow its scope of action by limiting the access of the ABC companies to the capital market. At this time, CD diverted funds to economic initiatives beyond the ABC companies to protect them against possible administrative and judicial actions (confiscation or

69 Proceedings were finally dismissed by resolution of the Corte de Apelaciones on May 30, 2011.

prohibition of alienation). CD created companies in different places like Transportes y Rentas la Esperanza Ltda. In Bulnes, *Sociedad Agrícola e Industrial Tierra Negra Ltda.* In Los Ángeles, or *Agrícola Rarínco Ltda.* The existence of these companies became public through judicial interrogations of the *colonos* under procedures that centered on other investigation lines and therefore were never deepened. Therefore, the amount to which funds have been diverted remains unclear until today. Some of the mentioned companies have already ceased to exist.

Additionally, in 1998 and 1999, several *colonos*, who previously had been part of CD's security apparatus, left the settlement. They negotiated "compensations" with the CD leadership and founded their own companies with these funds.⁷⁰

Hidden assets in third countries

At the latest, in the early 1990s, CD started to hide part of its assets abroad. Presumably, these funds were intended to serve a possible relocation of the group or to facilitate the escape of leading members and their subsequent life in hiding. The Chilean judiciary investigated the movements of these assets only rudimentarily – especially in the context of investigations into the formation of a criminal organization.⁷¹ The German judiciary has not dealt with this issue at all.⁷² CD doctor and leading member Hartmut Hopp testified extensively about CD's hidden funds while being held in Chilean custody in 2005.⁷³ He named various countries and banks, through which funds had flowed with the help of third parties. In the mid-1980s, for example, Albert Schreiber had begun to buy shares of investment funds in Chile. According to Hopp, the money was later transferred to an account at the Chemical Bank in New York City and, from there, to other countries, including Canada, Uruguay, Argentina, and various Caribbean countries. Before his escape, Schäfer spoke about savings of more than 3 million US dollars available for emergencies.

CD acquired real estate for the life of Schäfer and his companions in hiding in Argentina from 1997 to 2005.⁷⁴ In order to obtain passports of the Caribbean state of St. Kitts and Nevis for Schäfer and his adopted daughter Rebeca, Hopp traveled there (with Rebeca Schäfer) and purchased a vacation apartment.

According to Hopp, Albert Schreiber and Alfred Matthusen also opened foreign accounts, which were later transferred to other account holders. Parts of these funds later flowed

70 This is the case of Willi Malessa, Erwin Fege, and Manfred Lindemann and their spouses. Fege, for example, founded the company *Agroindustrial Tierra Nueva* in Purranque.

71 CA Santiago, file no. 2192-98 ("Asociación ilícita").

72 The only known investigation on behalf of German prosecutors against CD related to economic offenses dates to the 1980s: After media reports in 1988, the public prosecutor of Bonn initiated an investigation for tax evasion against the *Private Sociale Mission* (file no. 40 Js 703/88). The police searched some premises of the PSM in Siegburg and confiscated documents. After a few months, however, the investigation was closed without results due to lack of suspicion (§ 170 (2) of the German code of criminal procedure, StPO).

73 CA Santiago, file no. 2182-98 ("Armas"), vol. II, p. 434 ff., interrogation of Hartmut Hopp, Sep 29, 2005.

74 The estate *La Solita* in Chivilcoy and a residence in the Buenos Aires suburb of Tortuguitas.

back to Chile and were administered by the large landowners José Miguel Stegmeier, Enrique Veloso, and Edgardo Neumann, friends of CD. Among other things, the *Tierra Negra* estate near Los Ángeles (Chile) was purchased with funds from Canada.⁷⁵

According to diverse sources, Hopp and other *colonos* were involved in money transactions on foreign accounts. For example, Hopp traveled to Miami several times for those transactions. Chilean media reported that on these trips, money from accounts held by former DINA boss Manuel Conteras was transferred to Chile (Molina, 2005). After Schäfer's escape, the *colonos* who lived in Switzerland are also said to have been involved in money transactions there. Albert Schreiber, Peter Schmidt, and Hans-Jürgen Riesland are said to have regularly traveled to Switzerland during the years when Schäfer was hiding in Argentina. Brigitte Krahm, Gesa Kunde, and Erika Heimann, three *colonas* who worked as accountants, are said to have played an important role in managing CD's funds.

It is unknown how many hidden CD assets still exist today and who has access to them. CD's companies diverted income from their coffers for decades, which they gave directly to Schäfer. In 2005, the *colono* and Paul Schäfer's former confidant Willi Malessa told investigators of the Chilean Criminal Investigation Department (*Policía de Investigaciones*, PDI) that Heimann confessed to him that, from 1985 to 2002, every four to six weeks, she had taken 10 million pesos from Abratec's corporate offices to give them to Schäfer. The living expenses of the several *colonos* who joined Schäfer in his Argentine hiding between 1997 and 2005 were certainly costly. Also, the fees for dozens of lawyers in Germany and Chile caused high CD expenses over the years. After 1990, according to indications, the Chilean lawyers were largely paid from the ABC companies' assets. There are still many unresolved issues regarding the illegal patrimony of CD, and currently, there are no judicial or political efforts for further clarification.

75 CA Santiago, file no. 2182-98 ("Armas"), vol. II, p. 434 ff., interrogation of Hartmut Hopp, September 29, 2005, and CA Santiago, file no. 2182-98 ("Asociación ilícita"), vol. IV, sheets 1856 ff., interrogation of Hartmut Hopp, January 23, 2007.

CHAPTER III

THE ABC HOLDING AND ITS RELEVANCE FOR PRESENT DEVELOPMENTS OF DEALING WITH COLONIA DIGNIDAD'S PAST

In 1991, the German government answered a parliamentary inquiry on what would happen with the assets of the settlement after a “solution to the Colonia Dignidad problem” in the following way:

The financial circumstances of Colonia Dignidad and its members are currently unclear and opaque to outsiders. Clarity is only possible after a “solution of the Colonia Dignidad problem”. Any financial settlement will have to be governed by Chilean law and is subject to the Chilean judiciary [...] Considerations about the material future of the members of Colonia Dignidad who did not participate in crimes first require clarification of the financial circumstances [...] Then the members of Colonia Dignidad must freely express their own ideas. In due course the Federal Government will then examine, within the framework of the relevant provisions, what assistance may be possible and necessary on its part.⁷⁶

This answer characterizes the German government's position quite well concerning the economic dimension of CD's criminal history over the decades. It depicts a situation where the economic sphere of CD was never regarded as a central issue by Chile and Germany and where the obtention of clarity about CD's financial and asset situation has always been regarded as a step to occur after resolving everything else. The quote also shows how German authorities have often pointed to Chile when determining competence and responsibility for clarification. When asked in the context of a parliamentary inquiry in 2011 why CD was not dissolved after the crimes were uncovered, confiscating the group's assets, and transferring them to a relief fund for CD's victims, the AA answered: “Decisions on CD and its assets located in Chile are the sole responsibility of the competent Chilean authorities.” (Deutscher Bundestag, 2011). Chilean authorities, in turn, have sustained that German instances are responsible for investigations completing the image of a “ping-pong game of responsibilities” (Stehle, 2021, p. 594) between both states, which have blocked advances in dealing with CD's criminal past.

There have been a large number of parliamentary and government initiatives in Chile and the FRG in the context of CD's crimes. Before the detention of Schäfer in 2005, however, most of these measures had hardly any practical consequences in terms of putting an end to CD as a criminal system; some even stabilized the criminal status quo of CD: In 1968, the Chilean Deputies Chamber initiated a congressional investigational committee in order

⁷⁶ Deutscher Bundestag, 1991, p. 3

to clarify abundant allegations brought forward against CD, especially since the escapes of Wolfgang Müller and Wilhelmine Lindemann from the settlement in 1966. The final report of the committee (Cámara de Diputados, 1968) mentioned some minor irregularities while exonerating CD from major allegations. For CD, the investigative committee's report was a huge triumph. It presented even decades later as supposed proof of the untruthfulness of the accusations brought forward against the colony.

After the dictatorship, two official Chilean truth commissions (*Comisión Rettig*, 1991, and *Comisión Valech*, 2004) were unable to investigate CD's crimes because the settlement remained a closed enclave until 2005. A handful of parliamentary investigative committees starting in 1995 came to unequivocal conclusions but had no decisive impact in ending CD crimes (Stehle, 2021, p. 386).

In (West-) Germany, parliamentarians, over the years, presented dozens of inquiries and resolutions to the government with hardly any consequences. In February of 1988, the Bundestag sub-committee for Human Rights and Humanitarian Help organized a public hearing⁷⁷ with opponents and supporters of Colonia Dignidad, where the CD-fugitives Wolfgang Kneese (formerly Wolfgang Müller), Hugo Baar, and Georg and Lotti Packmor expressed strong allegations against CD, which the colony's spokesman Hartmut Hopp rejected. In a 2001 resolution, the German parliament called for several measures to end the crimes and to compensate the victims – but without any consequences (Deutscher Bundestag, 2001). After Paul Schäfer's detention, the foreign ministry published a statement that characterized the detention as the product of intense efforts of the German government and the outstanding cooperation between German, Chilean, and Argentine law enforcement agencies. There is no proof whatsoever for these alleged efforts. Documental evidence instead suggests that Chilean journalists and the lawyer Hernán Fernández played a central role in the localization of Schäfer and cooperating with the Argentine police in his detention, while German law enforcement agencies did not play any role. A German court had issued an arrest warrant against Schäfer in 1997 – after the Chilean justice system had done the same. However, the Federal Criminal Police Office in Germany (*Bundeskriminalamt*, BKA) never initiated a targeted search for Schäfer⁷⁸ – they waited for him to appear by chance.

THE POLITICAL DEALING WITH COLONIA DIGNIDAD'S CRIMES IN CHILE AND GERMANY AFTER 2005

Since the end of the Chilean dictatorship, the German government had internally decided to press for the continuity of CD (which now called itself "*Villa Baviera*," VB) if Schäfer

77 The minutes of the hearing can be found at <https://coloniadignidad-prot.blogspot.com/>.

78 PJS, collection IFG BMI. Letter of the German Federal Criminal Office (BKA) to the Interior Ministry (BMI), November 12, 2004, file reference ZD32 – R.

should be arrested (Stehle, 2021, p. 602ff.). The logic behind this was that the colony members would not be able to survive outside the enclave. However, it is probable that this posture was also motivated by the fear that the group of 300 people, most of whom were German citizens, might return to Germany, which would have sparked massive public interest and suggested a broad German responsibility for the matter. After Schäfer's detention in Buenos Aires on March 10, 2005, the Chilean Justice focused on clarifying CD's crimes. At the same time, the investigations were continuously limited by the de facto restrictions of the *transición*, the transition to democracy after the dictatorship. CD's legal advisors fought any attempts at legal clarification, using all legal means at their disposal. In this context, clarifying the patrimony and asset structure only played a subordinate role. SBED had dissolved completely, and in 2003, the Chilean Justice had condemned Kurt Schnellenkamp for tax evasion. The investigation because of fraud in transferring CD assets to the ABC holding was pending without any major advances. Nonetheless, the liens placed on CD's real estate remained valid and limited ABC companies' scope of action as they were unable to obtain fresh liquidity on the capital market.

In October 2005, the Chilean government appointed Herman Schwember as commissioner for the former CD. Schwember, a Chilean of German descent and a former political prisoner (El Mercurio, 2005), approached his task with great dedication. In 2006, he presented the government with an ambitious work plan, the *Programa Integral de Transición* (Integrated Transition Program, PIT)⁷⁹. In the program, Schwember shaped a "strategic vision" for the community's future, which contained an appraisal of the community of the *colonos* and its economic situation. This vision proposed the conformation of a "new" community:

(1) rebuilding its (moral and institutional) identity as a community; and (2) rebuilding its economic viability as a system of enterprises at the service of the community. However, neither seems possible without two other essential conditions: (3) the 'reconciliation' of the community with the Chilean environment (political, judicial and ethical); and (4) the recovery of the emotional health of a sufficient number of the members of the new community. The last essential condition for all of the above requirements is that (5) a critical mass of productive members of the community be in place. This condition responds to a 'circular' requirement: a critical mass is not retained as long as the other conditions are not well satisfied and vice versa: these conditions are not satisfied without a critical mass.⁸⁰

In April 2006, Schwember also encouraged the *colonos* to issue a public mea culpa (El Mercurio, 2006a).⁸¹ A couple of days later, Schwember resigned, lamenting the government's lack of backing for his activities. At that time, the Chilean government's position was to wait and put hope in judicial advances in terms of clarifying crimes and sanctioning the perpetrators. However, it hesitated to undertake political measures of its own. A few weeks after his resignation, Schwember resumed his work until the end of 2007. He died in 2008.

79 PJS, collection CD. Delegado de Gobierno (Herman Schwember) – Programa Integral de Transición Comunidad de Villa Baviera (ex-Colonia Dignidad), March 2006.

80 *Ibid.*, p. 64.

81 In the same paper issue, the *colonos* published an advertisement (El Mercurio, 2006b).

In the view of the German justice system, only narrowly defined individual crimes of CD were the subject of criminal investigations. At no time was CD considered to be an (economic) criminal structure – in other words, an actor of organized crime. As a result, the public prosecutor's offices did not want to and were not able to investigate offenses such as money laundering or dubious international money transfers.

The German government continued to see its responsibility primarily with the *colonos*. It concentrated on supporting those *colonos* who decided to remain in CD. Its guiding principle was to maintain the settlement, provide psychosocial support to the *colonos*, and ensure their economic survival.

The embassy and the AA had already identified as a problem that the *colonos* who remained in CD continued to regard themselves as a community. They continued to accept convicted or known perpetrators as part of the community, and even their attorneys were paid from the community coffers.⁸² However, the embassy and AA considered this to be of secondary importance and did not draw any consequences from it. Instead, the AA continued its promotion of an “integration of the VB/CD into their Chilean environment.” In consequence, between 2008 and 2013, the German government provided a total of more than one million euros for psychosocial and pastoral care for *Colonos*, as well as for consulting services for CD's school and companies (Deutscher Bundestag 2011). About 60 % of the funds were used for consulting services for ABC Holding companies through the German development cooperation agency GIZ.

Externally, the AA emphasized supporting the “victims” among the *colonos*. At the same time, however, the AA was aware that any support, especially for the companies of the ABC holding, benefited not only the particularly aggrieved but all habitants of the compound and, thus, also former (co-) perpetrators.

Since 2005, the AA has financed a team of therapists led by the psychiatrist Niels Biedermann to treat the residents of the ex-CD in group and individual therapies (Biedermann et al., 2006; Bauer, 2012). As of 2023, Niels Biedermann, together with colleagues, continues to treat *colonos* on behalf of the AA and is thus probably the external person with the most in-depth knowledge of CD's inner structure.⁸³

Around 2009, at the initiative of the leaders of the ABC holding, a German management consultant named Falk W. Spahn (Schildmann, 2011, p. 26) became active for the ABC companies. From then on, Spahn exerted a high degree of influence on the management of the ABC companies. Although he had no formal mandate, he acted as spokesman for the companies and attended meetings with the embassy. Together with Niels Biedermann, Spahn also participated in meetings of internal working groups within CD, which also counted with the participation of CD perpetrators⁸⁴ to discuss the future direction of

82 PJS, collection AA. DB 171 of December 12, 2007, regarding the first visit of a German ambassador to CD after more than 20 years.

83 For a further discussion of the controversial role played by Niels Biedermann, see Stehle (2021, p. 555 f.).

84 PJS Collection CD. Protocol of the AKCom (working group communication) of April 17, 2010, and May 30, 2010. The meeting was directed by Wolfgang Müller Altevogt. Other participants were Herbert

the settlement. In 2013, Spahn abruptly left Chile after lawyer, and excolono Winfried Hempel filed an application for protection to clarify his role.⁸⁵

The same year, the AA ended its support for the ABC companies through the GIZ. Several years later, in answer to a parliamentary inquiry, the AA argued that this occurred because of untransparent behavior by the ABC directors, stating:

As part of GIZ's consultancy activities financed by the German Foreign Office from 2009 to 2012, the managers of Villa Baviera were encouraged to conduct a financial inventory in order to obtain a complete overview of the financial and asset situation of the Villa Baviera companies. This proposal was rejected, which was a reason for GIZ to discontinue its cooperation with Villa Baviera.⁸⁶

The escape of Hartmut Hopp from Chile to Germany in 2011 gave new public attention to the case of CD. It also revitalized protests and longstanding demands from victims and human rights groups regarding truth, justice, memory, and reparation in both countries. However, major political developments just took up pace in 2016, especially in Germany.

In February of that year, the movie *Colonia Dignidad* by Florian Gallenberger was released in Germany, which also addressed the role of the German embassy during the dictatorship. At the same time, different groups of victims and residents of the ex-CD met at the Site of Memory and Education Haus der Wannsee-Konferenz in Berlin for dialogue workshops (Neuber, 2016). Both governments sent representatives and experts to the event (El Mostrador, 2016). Two months later, in April 2016, then-Foreign Minister Frank-Walter Steinmeier invited 400 people – among them several Colonia victims – to the AA and gave a mea-culpa speech with regards to the role of German diplomacy in the case of CD (Auswärtiges Amt, 2016). The speech was a landmark event, even if the minister's words were carefully weighed to avoid compensation claims. Steinmeier rejected a direct German co-responsibility for CD's crimes but admitted that the AA should have done more. "It's clear that the Federal Foreign Office and Embassy lost their way trying to perform a balancing act between protecting the good relations with the host country and protecting human rights," the minister stated (*Ibid.*).

In the same year, for the first time, a delegation of the legal committee of the *Bundestag* visited the ex-CD and laid flowers at presumed mass graves (Dannemann, 2016). In 2017, the Bundestag passed a unanimous resolution (Deutscher Bundestag, 2017b) demanding broad measures for dealing with Colonia's past from the government. As a result, a joint commission of parliamentarians and the government was formed to establish an aid fund for some of the victims (Deutscher Bundestag, 2019, 2021b), managed by the International Organization for Migration (IOM). It entitles victims among the *colonos* and former Chilean children who suffered sexual violence in CD to a one-time payment of 10 000 euros. The fund will also include measures for care in old age for victims that

Münch, Gerd Seewald, Jörg Seewald, Falk Spahn, Niels Biedermann, Martin Matthusen, Dennys Alvear, Helmut Baar, and Siegfried Laube.

85 CA Talca, file no. 644-2013.

86 Deutscher Bundestag, 2017a

have not yet been concretized. At the same time, the AA started funding the geriatric care center located in CD's former hospital and run by the *colono*-association Perquilauquén. Between 2017 and 2021, this funding for personnel amounted to about 350 000 Euros (Deutscher Bundestag, 2021a). While the fund for care in old age related to the aid fund will presumably be limited to victims, the current funding for the elderly and nursing station does not distinguish between victims and perpetrators.

Also, a scientific oral history project was funded, which was implemented by the Free University of Berlin in cooperation with Chilean universities (CDOH, 2022). Core issues like the promotion of cooperation in the area of criminal justice, however, remain unresolved.

Furthermore, in 2017, a bilateral commission on the level of Chilean and German governments was created.⁸⁷ Its mandate includes the establishment of a memorial site and a documentation center; the identification, securing, and evaluation of traces and documents of crimes committed on the site of CD, and an investigation of CD's assets and the companies that emerged from it. However, only scarce information about the work and results of the bilateral commission has transcended in the last six years.⁸⁸

The investigation of the patrimonial and asset structure of the former CD had also been demanded by the parliamentarians in the 2017 resolution. As a result, in 2017, the German government commissioned the German Agency for International Cooperation (GIZ) to conduct a feasibility study on the economic assessment of the "*Villa Baviera*" (Dannemann, 2020). However, the ABC companies conditioned a look into their accountancy only in return for an assurance of confidentiality. Therefore, nothing is known about the study's results, apart from its cost of 112 644.56 Euros (Bundestag, 2021a, p. 8). This condition of confidentiality is said to have been brought forward by the lawyer of the companies, Juan Pablo Guzmán Giesen – the same lawyer who participated in the creation of the ABC companies in 1988.

THE VILLA BAVIERA TOURISM PROJECT AND THE PATH TOWARDS THE INSTALLATION OF A SITE OF MEMORY

Victims' associations and human rights organizations are particularly critical of how the site of Colonia Dignidad is being handled. For a long time, the serious human rights

87 PJS, collection AA. "Absprache zwischen der Regierung der Republik Chile und der Bundesrepublik Deutschland über die Einsetzung einer chilenisch-deutschen Gemischten Kommission zur Aufarbeitung der 'Colonia Dignidad' und Integration der Opfer in die Gesellschaft", dated July 12, 2017.

88 The Chilean Foreign Ministry recently published a summary of the work of the Commission at https://www.minrel.gob.cl/minrel/site/docs/20230223/20230223165608/informe_resumen_de_las_sesiones_i_a_ix_de_la_comision_mixta_colonia_dignidad.pdf

crimes that took place here were not addressed in any way on site. Instead, the “*Villa Baviera*” (Bavarian Village), as CD had called itself since the 1980s, became a tourist attraction. Following the Bavarian facade, which CD had already cultivated for many years, folkloristic German culture was presented here. As early as 2004, the *colonos* had the idea of developing tourism as a new source of income for the settlement (Las Últimas Noticias, 2004). Until then, CD had only operated the “*Casino Familiar*” restaurant in Bulnes. The project was immediately met with criticism in human rights circles – they saw it as an attempt by CD to whitewash its history (*Ibid.*). In 2007, another restaurant called “*Zippelhaus*” opened on the site of CD, followed by the “*Hotel Baviera*” in 2012, whose construction was supported by the Chilean government (La Tercera, 2012). The staff of the projects financed by the German government were also involved in developing this tourism infrastructure, although not directly, but in their relationship with the *colonos* (Hecking, 2014).⁸⁹ They encouraged them in their plan to market the settlement as a “Bavarian village” for tourism. Apart from the restaurant and the hotel, the company *Turismo y Casino Villa Baviera*, part of the ABC holding, organized beer parties (Oktoberfest), Valentine’s Day celebrations and offered a big tent for wedding ceremonies. The habitants also opened their own museum where they presented their view of the group’s history. This museum has been changed and amended throughout the last years, and visitors receive guided tours by the *colonos*.

The associations of relatives of the disappeared have been especially critical of the tourism project and have been protesting several times per year at the entrance of the compound against the Oktoberfest and other events alleging missing respect by the *colonos* by celebrating “over the graves of their disappeared relatives.” In March of 2014, they installed a memorial stone with a plaque to remember their disappeared relatives on the side of a bridge that crosses the Perquilauquén river (Schildmann, 2014).

In 2013, when the German government’s help for the Villa Baviera companies ended, in a change of direction, the AA started to support experts and victims’ (associations) in Chile and Germany in their efforts to lay the grounds for the establishment of a memorial site in the former CD. In 2014, the AA funded a conference on Colonia Dignidad at the *Museo de la Memoria y los Derechos Humanos* in Santiago (Hevia & Stehle, 2015). Also, an interdisciplinary team led by Elke Gryglewski conducted a series of workshops with relatives of persons who presumably disappeared in Colonia Dignidad and a group of former political prisoners who had been detained and tortured in the enclave. Since then, yearly dialogue seminars and workshops have been conducted by Chilean and German experts with representatives of all groups of victims and with current and former CD/VB inhabitants (Hevia & Stehle, 2022). These activities have served to collect and debate the demands and wishes of all affected groups, promote communication between them, and prepare the ground for establishing a site of memory, documentation, and education at the historic place.

In 2018, in the context of the bilateral commission, both governments named two experts

⁸⁹ According to Hecking, the tourism concept was developed by Anna Schnellenkamp, together with an economic consultant and the psychiatrist commissioned by the AA, Niels Biedermann.

each⁹⁰ to develop a proposal for a Site of Memory and Education in the former CD. This concept was presented to the public by the experts in June 2021 (Dannemann, 2021). In December 2021, all affected groups gathered for two days of activities in the ex-CD, which ended with a joint ceremony (Hevia & Stehle, 2022). There, the four Chilean and German experts again presented their concept for the site of memory, documentation, and education. The concept envisages the creation of scientifically elaborated expositions to present the history of crimes and suffering separately for the different victim groups in historical places within the compound, as well as the installation of a place of mourning and remembrance for the relatives of persons who were murdered and disappeared in CD. The place should be administered by an independent entity financed by both states and with all affected groups participating in a council.

In January of 2023, German Chancellor Olaf Scholz visited Chile. In a joint press conference with Chilean President Gabriel Boric, both heads of state agreed to establish a memorial site on the grounds of the former CD (Deutsche Welle, 2023). The Chilean government is currently studying the creation of a private legal entity responsible for establishing and maintaining the site.

CONCLUSIONS

Both states, Chile and Germany, share responsibility for the criminal history of Colonia Dignidad, which ended in 2005 with the detention of Paul Schäfer. Today, 18 years later, many aspects of this criminal history remain unresolved or have only been dealt with superficially.

While journalistic and activist investigations have been central in uncovering Colonia crimes and raising awareness, state actors have failed to investigate crimes and prosecute the perpetrators. The German judiciary has failed completely, and the work of the Chilean justice system has been insufficient. As the governments of Germany and Chile have failed to adopt measures to mitigate the suffering of victims substantially, they gave way to a re-traumatization of the victims and the community.

This situation is reflected by today's state of the historical place, where the economic structure that was the base for the crimes today partially remains in place and is a symbol of the precarious state of dealing with the past. As this paper has shown, the economic structure of Colonia Dignidad has been the fundament for the existence and functioning of the criminal group and criminal association Colonia Dignidad from its beginnings

90 Germany named Elke Gryglewski and Jens-Christian Wagner. Chile named Elizabeth Lira and Diego Matte. The mandate of the four experts formally ended after a decision of the bilateral commission in November of 2022. See https://www.minrel.gob.cl/minrel/site/docs/20230202/20230202102253/acta_x_sesion_comixta_colonia_dignidad.pdf.

in the Federal Republic of Germany in the 1950s until 2005. It has also shown that the investigation of the economic structure of both countries has been precarious (Chile) or practically non-existent (Germany).

The starting point of this economic structure was the assets provided by the members of the group and their unpaid labor, making emigration to Chile possible. The system of slave-like working conditions – without remuneration, social security, and fixed working hours was perfectionized in Chile, and a sophisticated and profit-maximizing business system was established disguised as a charitable project. These economic activities, for decades, remained uncontrolled by the responsible Chilean authorities, which were blinded by a mix of Germanophile admiration for the supposed industrious and altruistic achievements of “the Germans” and personal benefits provided to authorities by CD. The later shared anti-communism between the dictatorship and the CD leadership played a significant role.

Between 1973 and 1990, CD expanded its business portfolio to the illegal arms trade and other areas like mining activities. The extent of these operations remains, in significant parts, uninvestigated. What seems clear is that, during its existence, an important pillar for CD was payments by Federal German and Chilean authorities: The German social security administrators, over decades, paid large sums of retirement, invalidity, and widow pensions that never reached its beneficiaries but ended up in the treasury of the CD leadership. The Chilean Health Service, in turn, paid large sums to reimburse services of CD’s hospital, which were presumably inflated.

CD reached the return to democratically elected governments in 1990 well prepared. In the late 1980s, CD, anticipating administrative actions by the future government, fraudulently transferred all assets to a complex structure of closed stock companies. When democracy returned to Chile in March of 1990, due to the pact-based transition, a large share of power remained with the political right, and pro-dictatorship personnel remained in key posts and the justice system. The Aylwin government was determined to close down on CD. It decided to focus on administrative actions as it was conscious that the criminal prosecution of the CD leadership, at least in the short term, was impossible. However, the Aylwin administration did not have the resources and information to counter the well-paid team of CD lawyers, which used all possible legal remedies.

The move of the government to cancel SBED as a legal entity in 1991, therefore, hardly had any immediate negative impact on CD, which started a judicial counterattack presenting a broad spectrum of legal actions that also forced the Chilean government to concentrate resources on these disputes.

At the same time, the German government remained cautious and determined to assign the main responsibility for the case of CD to Chile and not to interfere in “Chilean domestic disputes.” In line with this, it saw its only responsibility with the mainly German citizens in CD and was determined to maintain the compound after a possible detention of the CD leadership. The German government argued that victims among the inhabitants would not be able to survive in the “normal world” and should, therefore, integrate little

by little into their Chilean surroundings. Chilean hopes for judicial help from Germany by issuing detention orders against the CD leadership were frustrated. In all proceedings related to CD, German prosecutors declared not to see any basis for sufficient suspicion, which would have led to indictments.

Especially regarding the economic offenses, time was on the side of CD as many charges became time-barred. By 1996, the public focused on child abuse charges and, after the detention of Pinochet in London in 1998, on the human rights violations in the context of the dictatorship. CD's economic crimes were not investigated profoundly, and open proceedings stagnated. Nevertheless, in January 1996, the CDE brought forward criminal charges for fraud and simulated contracts. In July 1996, the CDE succeeded in placing liens on large portions of CD's land. This fact over the years created financial difficulties for the ABC companies, which had an increasingly harder time obtaining liquidity. The proceedings hardly advanced; still, the liens remained in place. In these years, CD created new companies outside the ABC holding, trying to evade the problems created by the liens and the pending lawsuits. The success of these operations, however, seems to have been limited.

The detention of Paul Schäfer in March of 2005 intensified the debates on the future of the settlement. More than half of the *colonos* left the place, many towards Germany, others established themselves in different parts of Chile. In view of CD's criminal record, this could have been the moment for a political determination to close the compound. However, there appeared to be no legal lever for this: Land and assets of the now ex-Colonia Dignidad belonged to stock companies whose owners were not identical with the (potential) perpetrators of the crimes under investigation. The fraud charges had not advanced, and the investigations of the charges of forming a criminal organization were still pending.

Also, diverse interests opposed a shutdown of the settlement: The Chilean government, pressured to obtain results in the investigations of human rights violations, feared that (potential) perpetrators could escape and evidence could be destroyed. The German government, in turn, was determined to maintain the settlement. Within the group of the *colonos*, the hierarchical patterns subsisted. A new leadership formed where the old guard gradually took a step back while the offspring of former leading figures took over the control of the companies. The management of the companies became more and more relevant in decision-making within the group. An important "weapon" was maintained: the broad and well-paid CD legal team continued to defend the interests of the companies and the potential perpetrators, which remained under investigation.

The agreement of 2009 between CDE and the ABC companies to lift the liens on the land in return for a guarantee to cover a limited scope of future civil claims regarding CD's crimes at the same time had a major impact on future developments. It represented a de facto legalization of the land and assets of the ex-Colonia, i.e., of assets generated by crime and a capitulation from investigating the economic offenses of CD by legal means. It thereby strengthened the position of the ABC companies as administrators of

the economic heritage of CD, leaving significant issues unresolved: Who takes care of the living and social needs of the group of (former and actual) *colonos* that constitute a mix of perpetrators, members of the grey zone and victims who are physically and psychologically damaged? Moreover, how can the victims' communities reclaim the site where massive crimes were committed over decades for mourning and by society as a whole in terms of a Site of Memory and Education?

The transformation of the historic place into a Memorial Site after many years of activism and work by victims and civil society finally seems palpable. It would permit an internal democratization process of the community of the *colonos* and also open up spaces for necessary debates on dealing with the many unresolved issues of this decade-long history of crimes. It is hoped that both governments will take a decisive stance on this issue this year when 50 years of the Chilean military coup are being commemorated.

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Archives

BArch – Federal Archive

PA AA –Political Archive of the German Foreign Ministry

PA-DBT – Parliamentary Archive of the German Bundestag

PJK – Private Archive of Jürgen Karwelat

PJS – Private Archive of Jan Stehle

List of Abbreviations

Courts and prosecution authorities Chile:

Corte de apelaciones Court of appeals

Corte suprema Supreme Court

Juzgado Court

Juzgado civil Civil court

Juzgado de letras Court

Juzgado del crimen Criminal court

Courts and prosecution authorities Germany:

Bundessozialgericht Federal social court

Landgericht Regional court

Oberlandesgericht Superior court of a German federal state

Staatsanwaltschaft Public prosecutor

Archives

AV NA Foreign mission, new office (inventory of PA AA)

AZ File no.

BArch Federal Archive of Germany

PA AA Political Archive of the German Foreign Ministry

PJK Private archive of Jürgen Karwelat

PJS Private archive of Jan Stehle

ZW Intermediate archive (inventory of PA AA)

General abbreviations in the text:

| | |
|---------|---|
| AA | <i>Auswärtiges Amt</i> (Federal Foreign Office in Germany) |
| ABC | (Holding) Holding of CD's closed stock companies Agripalma, Bardana, and Cinoglosa |
| AFDD | <i>Agrupación de Familiares de Detenidos Desaparecidos</i> (Association of Relatives of Disappeared Detainees, NGO) |
| AI | Amnesty International (NGO) |
| BND | <i>Bundesnachrichtendienst</i> (Foreign Intelligence Service of Germany) |
| BAK | <i>Bundeskriminalamt</i> (Federal Criminal Police Office in Germany) |
| CA | <i>Corte de Apelaciones</i> (court of appeals in Chile) |
| CD | <i>Colonia Dignidad</i> (Dignity Colony) |
| CDE | <i>Consejo de Defensa del Estado de Chile</i> (National Defense Council, legal representation of the Chilean state) |
| CDOH | Colonia Dignidad Oral History Archive |
| CDU | <i>Christlich-Demokratische Union</i> (Christian Democratic Union, conservative political party in Germany) |
| CF | <i>Cerro Florido Sociedad Colectiva Civil</i> , one of CD's core companies |
| CINTRAS | <i>Centro de Salud Mental y Derechos Humanos</i> (Center for Mental Health and Human Rights, NGO) |
| CITAL | <i>Compañía Italiana de Colonización</i> (Italian Company for Colonization) |
| CSU | <i>Christlich-Soziale Union</i> (Christian Social Union, conservative political party in Bavaria, Germany) |
| DINA | <i>Dirección de Inteligencia Nacional</i> (National Intelligence Directorate, secret police during the Pinochet dictatorship 1973/4-1977) |
| DM | Deutsche Mark (currency) |
| ECCHR | European Center for Constitutional and Human Rights (NGO) |
| FDCL | <i>Forschungs- und Dokumentationszentrum Chile-Lateinamerika</i> (Chile-Latin America Research and Documentation Center, NGO) |
| FRG | Federal Republic of Germany |
| GIZ | <i>Deutsche Gesellschaft für internationale Zusammenarbeit</i> (German agency for international cooperation) |
| HASAG | Hugo Schneider AG (German metal goods manufacturer) |

| | |
|----------------|---|
| IOM | International Organization for Migration |
| JUNAEB | <i>Junta Nacional de Auxilio Escolar y Becas</i> (National Board for School Aid and Scholarships) |
| LAN | <i>Línea Aérea Nacional</i> (former Chilean national airline) |
| LIDAR | Light Imaging Detection and Ranging (technology) |
| NIG | <i>Not- und Interessengemeinschaft der Geschädigten der Colonia Dignidad</i> (Emergency and interest group of the injured parties of Colonia Dignidad, NGO) |
| NRW | North-Rhine Westfalia (state of Germany) |
| OhG | <i>Offene Handelsgesellschaft</i> (general partnership in Germany) |
| OLG | <i>Oberlandesgericht</i> (superior court of a German federal state) |
| PDI | <i>Policía de Investigaciones de Chile</i> (Chilean criminal police) |
| Perquillauquén | <i>Organización Comunitaria de Desarrollo Social Perquillauquén</i> (Communitarian Organization for Development Perquillauquén, one of CD's legal entities) |
| PIT | <i>Programa Integral de Transición</i> (Integrated Transition Program, by commissioner Herman Schwember) |
| PPD | <i>Partido por la Democracia</i> (Party for Democracy, political party in Chile) |
| PSM | <i>Private Sociale Mission</i> (Private Social Mission, name of CD's legal entity in Germany) |
| RN | <i>Renovación Nacional</i> (National Renewal, political party in Chile) |
| SBED | <i>Sociedad Benefactora y Educacional Dignidad</i> (Charitable and Educational Society Dignity, CD's legal entity in Chile) |
| SII | <i>Servicio de Impuestos Internos</i> (Internal Revenue Service, tax authority in Chile) |
| SNS | <i>Servicio Nacional de Salud</i> (National Health Service in Chile) |
| SPD | <i>Sozialdemokratische Partei Deutschlands</i> (Social-Democratic Party of Germany) |
| StA | <i>Staatsanwaltschaft</i> (public prosecutor's office in Germany) |
| StPO | <i>Strafprozessordnung</i> (code of criminal procedure in Germany) |
| UDI | <i>Unión Demócrata Independiente</i> (Independent Democratic Union, political party in Chile) |

AYUDAR HACE FELIZ



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