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IDENTIFIED BY PERU'S ANTI-TERRORISM POLICE UNIT (DIRCOTE) AS THE SENDERO LUMINOSO MILITARY LEADER FOR THE CUZCO ZONE.

4. ALSO KNOWN AS "CAMARADA SEBASTIAN" AND "CHACAL (JACKAL) DE LOS ANDES," PALACIOS REPORTEDLY PUT UP STRONG RESISTANCE AND WAS SERIOUSLY WOUNDED DURING THE ARREST. HE UNDERWENT SURGERY IN A CUZCO HOSPITAL WHERE HE IS UNDER HEAVY GUARD. HIS CONDITION IS STILL SERIOUS, BUT NEWSPAPER REPORTS INDICATE HE IS EXPECTED TO RECOVER.

5. DURING THE JULY 3-5 POLICE OPERATION THAT CAPTURED PALACIOS, TEN OTHER SL MEMBERS WERE ARRESTED, INCLUDING NICANOR
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LA ROSA DIAZ, IDENTIFIED IN PRESS REPORTS AS SL POLITICAL LEADER FOR CUZCO. ACCORDING TO DIRCOTE, POLICE RECOVERED TWO SUBMACHINE GUNS, THREE REVOLVERS, 172 STICKS OF DYNAMITE, SEVERAL CASES OF AMMUNITION, AND SENDERO PROPAGANDA.

6. IN ADDITION TO THE TRAIN BOMBING, PALACIOS IS ACCUSED OF ATTACKS AGAINST FIVE POLICE STATIONS, TWO TRAIN STATIONS, AND TWO PEASANT COMMUNITIES BETWEEN APRIL 1986 AND MAY 1987.

7. COMMENT: IT REMAINS UNCLEAR HOW HARD THE POLICE EVIDENCE AGAINST PALACIOS IS, PARTICULARLY IN TERMS OF THE MACHU PICCHU TRAIN ATTACK. WE WILL BE ON THE LOOKOUT FOR ADDITIONAL INFORMATION.

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