

How the 'Iran-Contra' investigation protected Bush's secret drug network

The following is adapted from a 1994 pamphlet published by the "Defeat that Son-of-a-Bush Committee," which was instrumental in exposing and defeating Oliver North in his 1994 campaign for the U.S. Senate from Virginia.

What do you think of as the biggest scandal of the 1980s? If you answered "Iran-Contra," then you answered the way the American public has been programmed to think.

On Nov. 25, 1986, a myth was born. It was a hoax, promoted by the news media, which had the effect of protecting a "secret government" apparatus, much of whose operations were financed by proceeds of drug-smuggling, which operated under the total and complete control of Vice President George Bush. On that date, at a press conference, Attorney General Edwin Meese for the first time linked the recently exposed illegal Contra support operations to the Iran arms-for-hostages scandal. Meese linked these two hitherto separate operations—previously labelled "Contragate," or "Iran-gate," or "Iranscam"—by revealing that monies from arms transactions between Israel and Iran had been "diverted" to the Contras.

"The only person in the United States government that knew precisely about this," declared Meese, was Oliver North, a member of the staff of the National Security Council operating out of the White House. From that point on, the ever-compliant news media focussed all their attention on Marine Lt. Col. Oliver North, and on something that came to be called "Iran-Contra." Then, most of the media devoted their efforts to trying to find out how much President Ronald Reagan knew about what North was doing. Ultimately, televised Congressional hearings were held, which gave us the famous images of Oliver North.

North was absolutely not a renegade, or a loose cannon on the National Security Council staff. He was simply a staff member of a well-defined but secret operating structure headed by George Bush. This apparatus ran a myriad of covert operations, spied on U.S. citizens, ran guns all over the world, and was responsible for bringing a virtual flood of drugs into the United States. That's what the "Iran-Contra" hoax was intended to hide.

Bush's 'national security cartel'

Bush's "secret government" apparatus, built up from 1981 to 1986, drew upon the CIA and the Department of

Defense's "special operations" capabilities. But the operations run by Bush's White House apparatus were neither "CIA" nor "Pentagon" operations. Rather, they were set up in order to bypass the official agency structure of the federal government. In many cases, the apparatus was used to do things that the CIA could not, or would not, do. It cohered with the "privatization" of many CIA and U.S. intelligence operations, a process which spun off the free-floating intelligence operatives often called "the asteroids."

To understand how Bush's "secret government" worked, we must look at the "crisis management" apparatus in the White House and the misnamed National Security Council staff (which is not a "staff" for the National Security Council, but a staff for White House operations involving national security).

In December 1981, President Reagan signed Executive Order 12333, designed to "unleash" U.S. intelligence agencies from the restrictions of the 1970s. E.O. 12333, governing all "foreign intelligence" operations, included provisions for the use of private "assets" by the intelligence and law enforcement community. E.O. 12333 also designated the National Security Council (NSC) as "the highest Executive branch entity" for review, guidance, and direction of *all* foreign intelligence, counterintelligence, and "special activities" (i.e., covert operations). This effectively put the NSC in charge of the CIA, military intelligence, special operations, etc. This did not mean the President's national security adviser, but the NSC staff structure—which for these areas was run by George Bush. How did that work?

On Jan. 12, 1982, National Security Decision Directive Number 2 (NSDD-2) was issued, which formalized the National Security Council structure. It created a series of Senior Interagency Groups (SIGs) for foreign policy, defense policy, and intelligence. There is no reference to the vice president in NSDD-2.

But a month earlier, on Dec. 14, 1981, in between the adoption of E.O. 12333 and NSDD-2, National Security Decision Directive Number 3 (NSDD-3) had already been issued. Entitled "Crisis Management," it set the stage for George Bush's takeover of intelligence and secret operations. NSDD-3 created the Special Situation Group (SSG), "chaired by the Vice President," which provided that a national security matter which needed to be handled more rapidly than routine NSC staff functions provide, "may be considered in the con-



Oliver North (right) with Henry Kissinger (left) and Sen. Pete Domenici (R-N.M.), members of the Kissinger commission on Central America, in 1983. North later became the staff coordinator for the Crisis Pre-Planning Group, an agency which oversaw the guns-for-drugs Contra operations, run by George Bush and set up to bypass the official agency structure of the federal government.

text of crisis management." Crisis management was designated as the responsibility of Bush's SSG.

Then, on May 14, 1982, an implementing memorandum created the Crisis Pre-Planning Group (CPPG) subordinate to the SSG. The SSG-CPPG (headed by the vice president) was placed on the same level as the National Security Council, and superior to the secretary of state. It was this to which Secretary of State George Shultz vigorously objected. The CPPG was an interagency body which included representatives of the CIA, Pentagon, White House, State Department, and other agencies. Its staff coordinator was—*Oliver North*.

Thus, under NSDD-3, one man was in charge of the "secret government" machinery. This structure combined, as much as possible, all intelligence and foreign policy "crisis management" under the operational control of the vice president of the United States.

The Bush apparatus continued to grow during the next couple of years. On April 10, 1982, President Reagan signed NSDD-30, creating the "Terrorist Incident Working Group" (TIWG, or "Tee-wig"), "to support the Special Situation Group" (i.e., Bush). Then, in July 1985, President Reagan named Bush to head up a new Terrorism Task Force, consisting of representatives of the Defense Department, CIA, State Department, and the National Security Council, plus the FBI's Oliver "Buck" Revell, and the Israeli Amiram Nir.

The task force's report, issued in February 1986, created a permanent extension of the task force: the Operations Sub-Group, officially a sub-group of Bush's TIWG. It also established a permanent counter-terrorism office located in the NSC staff, headed by, guess who?—*Oliver North*. North's

two assistants, Craig Coe and Robert Earl, were simply reassigned from Bush's task force.

The Operations Sub-Group was an interagency coordinating group which operated so as to bypass the regular intelligence and law enforcement agencies. For example, when the FBI's Revell was operating under the authority of the OSG, he would report to the OSG, not to the FBI director. The OSG was used, among other things, to run domestic surveillance and "dirty tricks" against Bush's enemies, particularly against opponents of the Contra policy.

One well-documented incident of Operations Sub-Group targeting of the secret government's "enemies' list" is the case of Jack Terrell, a soldier-of-fortune type who was a source for Congressional investigations and news media exposure of the Contra drug-running operation, beginning in March 1986. Terrell had also been interviewed by federal investigators in Miami who were looking into both gun-running and drug-trafficking in connection with the Contras, and was thus a federal witness.

In response to two news media programs on Contra involvement in drug-running, one on National Public Radio on May 5, 1986, and a second on CBS-TV on June 25, North and Maj. Gen. Richard Secord (ret.) set into motion their plan to silence Terrell, which is documented in materials released by the Congressional Iran-Contra committee. As part of this, FBI official Buck Revell deployed the FBI's Special Operations Groups to conduct intensive surveillance of Terrell. Other FBI officials objected, charging that North "was trying to interfere with a Bureau investigation into allegations that the Contras were involved in running drugs."

‘Iran-Contra’

It was to divert attention from this growing focus on Contra drug-running, that the official “Iran-Contra” investigation and coverup was set into motion.

The Iran portion of Iran-Contra generally refers to certain initiatives taken by the Reagan-Bush administration in 1985-86 to sell a certain number of missiles to Iran in hopes of obtaining the release of American hostages being held in Lebanon. There was nothing criminal in this initiative, although it violated stated U.S. policy and possibly violated certain civil statutes. In comparison with large-scale arms and munitions sales to Iran following the release of the U.S. hostages in January 1981, which were either carried out directly by the Reagan-Bush administration, or approved by it, the 1985-86 initiatives were relatively insignificant.

The Contra half of Iran-Contra refers to covert U.S. support for the Nicaraguan Contras (anti-Sandinista “counter-revolutionaries”) carried out during 1984-86 over the objections of Congress and in violation of a series of amendments (the “Boland amendments”) to Congressional budgetary authorizations. Support for the Contras was drawn from private and off-budget funds, administered through a semi-private operational network known as “the Enterprise.”

The focus on the diversion of funds from the Iran hostage operation to the Contras, allowed a much bigger diversion: the diversion of public attention from much bigger scandals, especially the large-scale promotion of international drug-trafficking by these Bush-run covert operations. The two biggest of these were the Contra operation in Central America, and the Afghanistan War. In reality, the covert support for the Afghanistan “freedom fighters” was a much larger operation than the Contra operation, and involved far more drugs than that in the Contra operation.

It is estimated that the U.S. CIA spent \$3 billion smuggling weapons to the Afghan mujahideen; as with many such operations, the United States paid for it, and the British controlled it through “humanitarian” support groups, non-governmental organizations, etc. Even the \$3 billion from the United States was a small portion of the total funding; some sources say that the Colombian Medellín and Cali drug cartels contributed \$10-20 billion to the Afghan mujahideen. Before the war started, very little opium and heroin came out of this Pakistan-Afghanistan area; by the mid-1980s, the “Golden Crescent” in Southwest Asia had surpassed the “Golden Triangle” of Southeast Asia, providing one-half of the heroin reaching the United States!

As well, drug addiction within the area skyrocketed: In 1980, there were only 5,000 addicts in Pakistan; by the mid-1980s, there were over 1.3 million.

(The Afghan operation, which gave us drugs in the 1980s, also produced the terrorist footsoldiers of the 1990s, who, after being cut loose at the end of the war in 1979, were picked up by British and derivative operations. See *EIR Special Report*, Oct. 13, 1995, “New Terror International Targets

South Asia.”)

These two covert operations, Afghanistan and the Contras, both of which resulted in flooding the United States with illegal narcotics, might have constituted something called “Afghan-Contra,” or perhaps “Narco-gate.” But, instead, we got “Iran-Contra,” and the story of Bush’s drug-trafficking scandals, which were already well known at the time, were suppressed.

‘Contragate’

In the months preceding the breaking of the Iran-Contra scandal, in January-February 1986, investigators from the U.S. Attorney’s Office in Miami began investigating allegations of drug-running and gun-running involving the Contras. In April 1986, six months before the Iran-Contra scandal broke, a subcommittee of the U.S. Senate Committee on Foreign Relations chaired by Sen. John Kerry (D-Mass.) also began investigating allegations of gun-running and narcotics trafficking associated with the Contras. The committee stated that as it proceeded with its investigation, “significant information began surfacing concerning the operations of international narcotics traffickers, particularly in relation to the Colombian-based cocaine cartels.” On this basis, said the committee, the Contra-related allegations were incorporated into a broader investigation “concerning the relationship between foreign policy, narcotics trafficking and law enforcement.”

Over the spring and summer of 1986, the Operations Sub-Group had become increasingly worried about public disclosures of the Contra operation and its ties to drug dealers. On May 5, 1986, National Public Radio ran a report on the Contras and their ties to drug-running and gun-running, featuring Jack Terrell. As Terrell later told it, the NPR story fanned the flames of the Contra story. “The White House trotted out its damage-control experts and picked up the pace of its efforts to silence critics through intimidation and smear tactics.”

Another target of the OSG was Lyndon LaRouche and his associates, who had been exposing the Contras as drug-runners since the early 1980s. On the same day as the NPR broadcast, a coded message from Richard Secord (the organizer of the Contra resupply operation) to North referred to one of Secord’s agents who “has collected info against LaRouche.”

Throughout the summer and into the fall of 1986, more and more information was surfacing about the supposedly secret Contra operation. Much of the information concerning drug-smuggling operations was connected to the Contra effort.

The Contra story was blown open on Oct. 5, 1986, when a C-123 cargo plane operated by the CIA-connected Southern Air Transport company was shot down over Nicaragua. The pilot was killed, but crew member Eugene Hasenfus survived and was captured by the Sandinistas. Information in

Hasenfus's possession led directly to known CIA operatives.

Almost a month later, on Nov. 3, 1986, the Lebanese newspaper *al-Shiraa* revealed that the U.S. government was secretly selling missiles to Iran in an effort to gain the release of hostages being held in Lebanon. News media and Congressional attention, which had been focused on Central America, suddenly became riveted on the Middle East. No apparent connection existed at that point between the two stories.

On Nov. 25, Meese gave his famous "diversion" press conference, and the story of Contra drug-running became buried in a torrent of press coverage and speculation about Oliver North and the Iranian ayatollahs.

North had not even gotten involved in the Contra operations until 1984. When the second Boland Amendment was passed by Congress in October 1984, all CIA operations in support of the Contras had to be officially terminated, and the covert support operation began to be run directly out of the White House. The Contra supply operation went "private," under the supervision of George Bush. Much of this was organized by retired CIA agent Felix Rodriguez, who was a friend of Bush's National Security Adviser Donald Gregg from their days in Vietnam.

In late 1984, Gregg introduced North to Rodriguez, who had already been working in Central America under Bush's direction for over a year. In January 1985, Bush's office arranged for Rodriguez to set up a Contra resupply depot at Ilopango Air Base in El Salvador. This became the principal air base later used by the North-Secord operation; it was also, according to eyewitnesses, a major drug transshipment point.

At the recommendation of Director of Central Intelligence William Casey, North enlisted special operations veteran General Secord to aid the Contra supply operation. Secord recruited a staff from the pool of retired Army and Air Force Special Forces operatives, most of whom had, at one point or another, been posted to the CIA-linked Special Operations Division "focal point" within the Joint Chiefs of Staff.

North was not "running" the Contra supply operation, any more than he was "running" any other operation. He was simply carrying out policies set by George Bush, and to a lesser extent by CIA head Casey, who were both running parts of the Contra operation. And, in fact, the famed North-Secord airlift operation was in most respects subordinate to the side of the operation being run by Bush's office through Don Gregg and Felix Rodriguez. What they had in common is that they were all knowingly basing their operation on known drug traffickers.

The 'Narco-Contras'

During all the misdirected hoopla about Iran-Contra, the Senate Foreign Relations subcommittee (known as the "Kerry committee") continued its work. Jack Blum, an investigator

for Senator Kerry, testified to the committee on Feb. 11, 1987 that the Contras move drugs "not by the pound, not by the bag, but by the ton, by the cargo planeload."

Sources close to the investigation told *EIR* that 75% of the evidence on Contra drug-dealing was never used by the Kerry committee. But, what they did use was devastating, and was almost totally ignored by the news media.

The final committee report, entitled "Drugs, Law Enforcement and Foreign Policy," issued in December 1988, stated that the committee had uncovered considerable evidence relating to the Contra network, which substantiated many of the initial allegations put in front of the committee when it began its investigation in the spring of 1986. The report states:

"On the basis of this evidence, it is clear that individuals who provided support for the Contras were involved in drug trafficking, the supply network of the Contras was used by drug trafficking organizations, and elements of the Contras themselves knowingly received financial and material assistance from drug traffickers."

The committee report found that these links included:

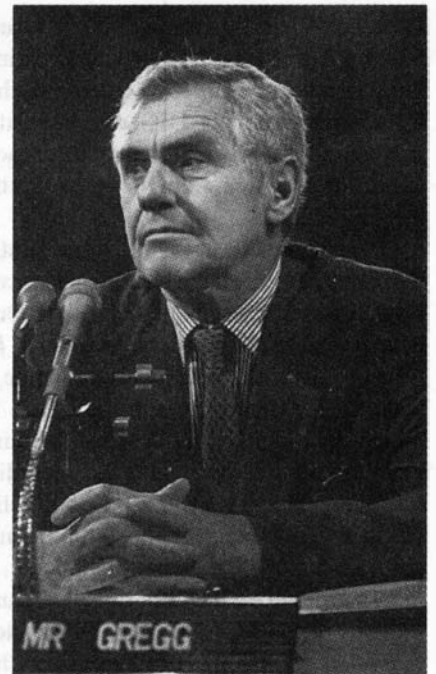
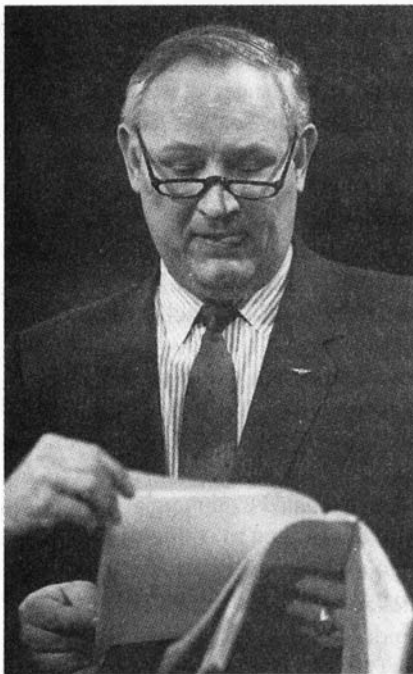
- "Involvement in narcotics trafficking by individuals associated with the Contra movement.
- "Participation of narcotics traffickers in Contra supply operations through business relationships with Contra organizations.
- "Provision of assistance to the Contras by narcotics traffickers, including cash, weapons, planes, pilots, air supply services and other materials, on a voluntary basis by the traffickers.
- "Payments to drug traffickers by the U.S. State Department of funds authorized by the Congress for humanitarian assistance to the Contras, in some cases after the traffickers had been indicted by federal law enforcement agencies on drug charges, in others while traffickers were under active investigation by these same agencies."

In a number of instances, the Kerry committee report documents Oliver North's personal knowledge or involvement in these matters involving drug traffickers or drug money.

- So-called "humanitarian" payments to the Contras made through the "Nicaraguan Humanitarian Assistance Organization" (NHAO) were personally overseen and supervised by North. The Kerry committee report shows that many NHAO payments went to companies known to be involved in drug trafficking.

- SETCO (see below) "received funds for Contra supply operations from the Contra accounts established by Oliver North."

- Diacsa, a company under Drug Enforcement Administration (DEA) investigation in 1985-86 for drug trafficking and drug money laundering, was used by the principal Contra organization, the FDN, for "intra-account transfers." "The laundering of money through Diacsa concealed the fact that some funds for the Contras were through deposits arranged by Lt. Col. Oliver North."



Key operatives in the "secret government" apparatus which ran a myriad of covert operations, spied on U.S. citizens, ran guns all over the world, and was responsible for bringing a flood of drugs into the United States (left to right): Assistant Director of the FBI Oliver "Buck" Revell, Maj. Gen. Richard Secord (ret.), and Donald Gregg, George Bush's vice-presidential National Security Adviser and later Bush's ambassador to Korea.

The State Department continued to make payments to the Contras through Diacsa even *after* the top officials of the company were indicted for cocaine trafficking and money laundering in January 1985 and thereafter.

- North suggested to the DEA in June 1985 that \$1.5 million in drug money carried aboard a plane piloted by informant Barry Seal be provided to the Contras.

The Gregg-Rodriguez-North network

The people who Don Gregg, Felix Rodriguez, and Oliver North worked with in the Contra operation could make up an international police lineup of drug traffickers and terrorists. Some of their most notable associates include:

Juan Ramón Matta Ballesteros: This Honduran cocaine kingpin was convicted in July 1990 of conspiracy to kidnap, torture, and murder DEA agent Enrique Camarena. The July 7, 1990 *Los Angeles Times* said that Ballesteros "is reputed to be one of the world's biggest drug kingpins."

At the time of the Camarena affair, Matta Ballesteros was the owner of a Honduran charter airline, SETCO Air, that was paid over a half-million dollars by the U.S. State Department to airlift "humanitarian aid" to the Contras in a program run by North from the White House. Other funds, drawn directly from secret North-Secord bank accounts in Switzerland, were also funneled into SETCO Air.

The Kerry committee report states: "SETCO was the recipient in 1986 of \$185,924, in State Department NHAO of-

fice funds for the transportation of humanitarian assistance to the FDN [Contras] based in Honduras. A 1983 U.S. Customs Service report stated that 'SETCO aviation is a corporation formed by American businessmen who are dealing with Matta and are smuggling narcotics into the United States.' The Matta referred to in the report is Juan Matta Ballesteros, a major cocaine trafficker in the region, and wanted by U.S. law enforcement agencies for the brutal murder of DEA agent Enrique Camarena in Mexico."

An Aug. 9, 1985 entry by Oliver North into his notebook removes any shadow of a doubt that North was fully aware of the Contra-cocaine connection: "Honduran DC-6 which is being used for runs out of New Orleans is probably being used for drug runs into U.S." The Honduran plane referenced by North was owned by Matta Ballesteros.

Rafael Caro Quintero: According to CIA contract agent Laurence Victor Harrison, Matta and Mexican drug cartel figures Rafael Caro Quintero and Felix Gallardo enjoyed North's and the CIA's protection in return for letting Central American "freedom fighters" be trained at dope ranches in Mexico, and for flying arms shipments to the Contra supply bases in Central America.

According to a report in the July 5, 1990 *Washington Post*, a ranch near Vera Cruz, Mexico, owned by Caro Quintero, the mastermind of the Camarena torture-murder and the head of the Mexican drug mafia, was used by the CIA to train Central American guerrillas. According to DEA informant

Laurence Victor Harrison, the CIA used Mexico's Federal Security Directorate (DFS) "as a cover in the event any questions were raised as to who was running the training operation. Representatives of the DFS, which was the front for the training camp, were in fact acting in consort with major drug overlords to ensure a flow of narcotics through Mexico into the United States."

Francisco Chanes and Frank Castro: North and company were aware of the cocaine connection even earlier, according to other government records. On Sept. 26, 1984, the Miami Police Department provided FBI Special Agent George Kiszynski with an investigative report identifying a network of Miami cocaine-traffickers which was pouring money into the Contras' coffers. Within days of the report being turned over to Kiszynski, according to congressional testimony, it had been passed on to Oliver "Buck" Revell, North's FBI liaison for the White House Central America program.

The Miami Police Department document stated in unambiguous terms: "Frank Castro is a close associate of an individual by the name of Francisco Chanes. . . . Chanes is a narcotics trafficker. . . . Chanes was giving financial support to anti-Castro groups and the Nicaraguan Contra guerrillas; the monies come from narcotic transactions. . . . Frank Castro contacted Mr. Coutin to give the Legion Cubana financial support to fight the Nicaraguan Sandinista Marxist Government. . . . The financial support was from drug monies."

Frank Castro, a convicted Cuban-American marijuana and cocaine smuggler, was a mainstay of the Contra recruitment and resupply operations in Miami. When the Miami police report was passed to the FBI and eventually on to the North-led interagency task force, the Miami investigation was quashed and all Contra cocaine links suppressed.

Jack Terrell says he was introduced by Tom Posey of Civilian Military Assistance (CMA, a purportedly private operation assisting the Contras) to a Cuban named Francisco "Paco" Chanes, part-owner of Ocean Hunter Seafood in Miami, which bought frozen seafood from *Frigoríficos de Puntarenas*, a Costa Rican seafood company. Terrell says Chanes offered him a million-dollar bribe to help smuggle cocaine into the United States in frozen lobsters. Chanes said that CMA would get a lot of money from the operation.

The Kerry committee report states: "Frigoríficos de Puntarenas, a Costa Rican seafood company, was owned and operated by convicted drug traffickers, Luis Rodríguez, Carlos Soto and Ubaldo Fernández. Frigoríficos received \$231,587 in humanitarian assistance funds for the Contras from the State Department in late 1985 and early 1986. Luis Rodríguez was finally indicted on Sept. 30, 1988 for drug smuggling which took place between November 1980 and January 1983."

John Hull: John Hull's ranch in Costa Rica, whose airstrip was used by the North-Secord Contra arms and-

supply operation, was also a transshipment point for Colombia cocaine bound for the United States.

The Kerry committee report states: "John Hull was a central figure in Contra operations on the Southern Front when they were managed by Oliver North, from 1984 through late 1986. . . . Five witnesses testified that Hull was involved in cocaine trafficking."

One witness, pilot Gary Betzner, testified that his flights had carried weapons for the Contras to the Hull ranch, and then he carried drugs from the Hull ranch to the United States.

Steve Samos: Steve Samos is a top drug-money launderer in Panama. In January 1987, the *Wall Street Journal* reported that Samos was used by the North-Secord operation for two purposes:

1. Samos created Amalgamated Commercial Enterprises in November 1984, which was used to administer the airlift operation from Ilopango air base in El Salvador to the Contras. Its role was thoroughly established by special prosecutor Lawrence Walsh.

2. Samos also has extensive dealings with Panama's Banco de Iberoamerica, which, according to the *Wall Street Journal*, may have been used for Contra financing. It was also part of the money-laundering apparatus which Samos set up for marijuana smuggler José Antonio Fernández.

Michael Tolliver: Pilot Michael Tolliver, a convicted drug smuggler, testified before the Kerry committee that, at one point, he had flown 20 tons of marijuana to Homestead Air Force Base in Florida, in exchange for weapons for the Contras. The U.S. government settled a civil insurance claim for a plane flown by Tolliver which crashed in 1983; Tolliver said he had been hired to deliver weapons to the Contras and he often brought back drugs on the return flight.

In a deposition in another case, Tolliver testified that he had received payments for the drugs from Felix Rodriguez.

Federal Judge Patrick Kelly accused the U.S. government of engaging in "criminal conduct" in the Tolliver case. He said that the case "stinks to high heaven" and "involves the transport of drugs by agents of the United States, or with the acquiescence of the United States."

A DEA agent's story

Felix Rodriguez's central role in the Contra operation, working under Don Gregg in Bush's office, is thoroughly documented in the Final Report of the Iran-Contra Independent Counsel, issued in 1993. (Indeed, at one point North wrote in his notebook: "Felix talking too much about VP connection.")

Rodriguez's role in drug-running, described by Terry Reed (see p. 22) and also documented by the Kerry committee, has also been confirmed by the U.S. DEA's top agent in El Salvador from 1985 to 1991. Former DEA agent Celerino ("Cele") Castillo, gave interviews in 1994 to the *Texas Observer* magazine and to the Associated Press, charging that

Oliver North knew all about the drug flights in and out of El Salvador. The same information was later published in Castillo's book *Powders Burns: Cocaine, the Contras, and the Drug War*.

Castillo says that the North network and the CIA "were running large quantities of cocaine to the United States via Ilopango," the military air base in El Salvador. The shipments were flown to Florida, Texas, and California. "Oliver North was running the operation. His pilots were known drug traffickers listed in government files and these people were being given U.S. visas," he said.

Castillo said that the drugs were flown into Ilopango from South America, stored in Hangars 4 and 5 there, and then smuggled northward for sale in the United States. One hangar was owned and operated by the CIA, and the other hangar was owned by the NSC, and was run by Felix Rodriguez, alias "Max Gomez."

"Basically they were running cocaine from South America to the U.S. via Salvador," Castillo stated. "That was the only way the Contras were able to get financial help. By going to sleep with the enemy down there." He said that North's agents and the CIA were at the two hangars overseeing the operations "at all times."

In a Feb. 14, 1989 memo to U.S. attaché Robert Stia in Guatemala, Castillo identified more than two dozen known drug smugglers frequenting Hangars 4 and 5, among the pilots hired by Oliver North. "Now all these contract pilots were documented [in DEA files] traffickers, Class I cocaine violators that were being hired by the CIA and the Contras. And the U.S. embassy in El Salvador was giving visas to these people even though they were documented in our computers as being narcotics traffickers."

Castillo says that in 1986, he reported the cocaine smuggling to George Bush in person and to the U.S. ambassador to El Salvador. As to the ambassador's response, Castillo reports: "His words to me were that it was a covert White House operation run by Colonel Oliver North and for us to stay away from the operation."

On Jan. 14, 1986, Castillo says, he met Vice President Bush at a cocktail party at the U.S. ambassador's house in Guatemala City. Castillo described to Bush his job as chief of the U.S. drug law enforcement in the region. When Castillo told Bush minute details of North's drug-running operations, Castillo reports, Bush "just smiled and he walked away from me."

At a press conference in Washington on Aug. 2, 1994, Castillo again reiterated his belief that North knew that narcotics were being run out of the air base in Ilopango. "All of his pilots were drug-traffickers," Castillo said. A majority had been arrested for drug-trafficking. "He knew what they were up to and refused to do anything about it."

Castillo said that he had two informants at Ilopango who had access to all the flight plans and the pilots. The informants saw the drugs and the money, and the pilots also talked freely

about cocaine they were taking to the United States and about the money. When the DEA ran the names of the pilots through their computer, "every single one of them was documented as a narcotics trafficker in DEA files."

Castillo also pointed to the 543 pages of North's notebooks which make reference to drugs and drug trafficking, as identified by the Kerry committee. "Robert Owens, his buddy, was warning him and advising him that the Contras were heavily involved in narcotics trafficking."

Castillo also disclosed that there is still an open DEA investigation on North. He said that the DEA has a case, No. GFGD 91-39, in which North is being investigated for smuggling weapons to the Philippines with known drug traffickers.

North defends a narco-terrorist

Another documented instance in which Oliver North intervened directly in support of a narco-terrorist, is the case of Honduran Gen. José Bueso-Rosa. Bueso-Rosa was convicted in a U.S. court in 1985 in connection with a plot to assassinate the President of Honduras, a plot which was funded by a multimillion-dollar cocaine deal.

The Justice Department had called the case the "most significant case of narco-terrorism yet discovered." Yet, North directly intervened with federal authorities to try to keep Bueso-Rosa from having to serve his U.S. prison sentence! The Kerry committee report states that senior U.S. government officials, including North, "intervened with a federal judge to obtain a reduction to five years in the sentence for Honduran General José Bueso-Rosa, who was convicted in 1985 of conspiring to assassinate President Suaza Cordoba of Honduras."

The Kerry report also says that the assassination attempt was to have been financed by the proceeds from the sale *in the United States* of \$40 million in cocaine.

According to the Kerry committee report, Oliver North "suggested that efforts be made on Bueso-Rosa's behalf" in order to keep him from disclosing details of his support for the Contras. At a meeting of top State and Justice Department officials on Sept. 24, 1986, after Bueso-Rosa had already been sentenced to prison, North demanded that Bueso-Rosa be released and sent back to Honduras, rather than going to a U.S. prison. North did not succeed in preventing Bueso-Rosa from going to prison, but he did succeed in having him transferred from a medium-security facility in Alabama, to the minimum-security "Club Fed" prison camp at Eglin Air Force base in Florida.

North's strenuous and repeated efforts on Bueso-Rosa's behalf were opposed by FBI and Justice Department officials, as well as DEA officials. One U.S. law enforcement official, testifying before the Kerry committee, said that the intervention of North and others had "undermined President Reagan's policies" in the areas of anti-terrorism and anti-narcotics.