

Weekly directly if he was a contractor for the DIA or any other government intelligence agency.

As to Weekly, the CIA's Hitz report relies solely upon CIA records, which, naturally, do not contain any information that Weekly worked for the CIA. Weekly was not interviewed for the CIA report.

The 'Frogman' case

Besides the Blandón-Meneses-Lister drug ring, the second case examined in the IG report is "The Frogman Case," which was initiated when swimmers were intercepted and arrested bringing 430 pounds of cocaine ashore in San Francisco in January 1983. Two Nicaraguan leaders of the ring, Julio Zavala and Carlos Cabezas, later claimed that their drug trafficking was related to the Contras, and this was publicized in newspaper articles in 1986.

While the IG report offers the broad conclusion that "no information has been found to indicate that CIA had any relationship with any of the individuals who were arrested or charged in connection with the 1983 Frogman Case," the report does offer the following details:

Zavala and Cabezas ran a "parallel" cocaine-smuggling operation to their "commercial" trafficking, "for the purpose of raising funds for the Contras," according to statements made by Cabezas to Hitz's investigators. Cabezas, for example, recounted a December 1981 meeting at a hotel in San José, Costa Rica, which "was the genesis of an effort to raise money for the Contras by selling drugs."

"Although it was [Troilo] Sánchez' and [Horacio] Pereira' idea to raise funds for the Contras by engaging in drug-trafficking, Cabezas says it was Zavala who came up with the idea that Cabezas serve as go-between by collecting the money from street dealers and delivering it to Central America," the IG report states.

Cabezas told IG investigators that during 1982 alone, he made 20 trips to Central America and delivered more than \$1 million in drug proceeds for the Contras. Cabezas identified two of Troilo Sánchez's brothers — Aristides and Fernando — as Contra leaders. In 1982 or 1983, Cabezas brought other drug proceeds to Aristides Sánchez in Miami.

Despite all this, the IG report, incredibly, concludes: "No information has been founded to indicate the Julio Zavala, Carlos Cabezas or other Frogman case defendants were connected to the Contras or that the Contras benefitted from their drug trafficking activities."

The other aspect of the Frogman case which is extensively documented in the IG report is the high degree of concern within the CIA over the Frogman case, which was reflected in many discussions between CIA legal officials and the prosecutors in San Francisco. A 1984 CIA cable also reported on a "discreet approach to senior Department of Justice official" for the purpose to trying to prevent an inquiry into areas involving the CIA; and the report states that this was "most likely" to have been Justice Department official Mark Richard—

who, as we noted above, was also contacted regarding David Scott Weekly and Weekly's ties to Bush's office.

More to come

Volume II of the Inspector General's report will take up the broader issues of the CIA's knowledge of "alleged drug-trafficking by the Contras or other persons associated with the Contra program." This will reportedly include a review of the Kerry Committee's evidence.

Volume I summarizes, in its "Background" section, the conclusions of the December 1988 Kerry Committee report that the drug traffickers used the Contra war and their ties to the Contras as a cover for their operations, that the Contra supply network was used by drug traffickers, that the Contras received aid from drug traffickers, and that funds were paid to drug traffickers by the U.S. Department of State for "humanitarian assistance" to the Contras. (This, as the Kerry Committee report documented, was done under the White House/NSC/Ollie North program, after CIA funding to the Contras had been cut off.)

Knowledgeable sources have indicated that the first, classified version of Volume II is likely to be completed by the end of February, and production of a public, unclassified version should be finished in April.

Hopefully, Inspector General Hitz's earlier promise to "follow the trail," will be reflected in Volume II of his report.

IG report confirms Contra-cocaine links

by Jeffrey Steinberg

On Jan. 29, 1998, Central Intelligence Agency Inspector General Frederick P. Hitz released "Report of Investigation into Allegations of Connections Between CIA and the Contras in Cocaine Trafficking to the United States, Volume I: The California Story." Given that the IG was assigned to review serious allegations of CIA complicity in cocaine trafficking inside the United States, it was not surprising, that he prepared the report in the format of a narrowly focussed legal brief, refuting, point-by-point, the charges first surfaced in the *San Jose Mercury News* series by Gary Webb. The 149-page report was organized into 396 numbered paragraphs, each dealing with a specific issue raised in the Webb articles.

Despite the legalisms, and despite the fact that the report thoroughly exonerated the CIA of any role in the Contra cocaine trafficking, the document contained a number of startling facts, confirming that cocaine dollars were flowing into the Contra coffers throughout the 1980s.

Whereas the CIA report repeatedly stated that “no information has been found,” corroborating the Contra-drug connections, the details provided in the report, principally through debriefings of eyewitnesses and even some of the drug traffickers themselves, told a different story.

What follows are some of the most revealing excerpts from Volume I. (Editor’s note: There are no ellipses between non-contiguous numbered paragraphs; but they are inserted within excerpted paragraphs.)

Documentation

55. Movement of Cocaine through Central America.

Throughout the 1980s and thus far in the 1990s, South American traffickers have used the Central American isthmus as an important secondary route for cocaine and marijuana transshipment operations, for importing drug refining chemicals and for laundering large sums of narcotics revenues. Traditional maritime drug smuggling routes throughout the Caribbean (the Yucatan, Windward and Mona Passages) continued to be important trafficking routes to the United States throughout the period. The Central American countries became more important staging areas and transshipment points for South American narcotics during the 1980s as Mexican traffickers began to handle a larger share of cocaine trafficking.

73. The principal investigation that focussed on allegations that drug money was being used to fund Contra operations was conducted by the Senate Subcommittee on Terrorism, Narcotics and International Operations of the Committee on Foreign Relations. . . .

74. The Subcommittee’s report, “Drugs, Law Enforcement and Foreign Policy,” published in December 1988, concluded that drug traffickers used the Contra war and their ties to the Contras as a cover for criminal enterprises in Honduras and Costa Rica. . . .

75. The Subcommittee report included findings indicating:

— 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 knowingly received financial and material assistance from drug traffickers. In each case, one or another U.S. Government agency had information regarding these matters . . . ;

— Involvement in narcotics trafficking by individual associated with the Contra movement;

— Participation of narcotics traffickers in Contra supply operations through business relationship with Contra organizations;

— Provision of voluntary assistance to the Contras by narcotics traffickers, including cash, weapons, planes, pilots, air

supply services, and other materials; and

— Payments to drug traffickers by the U.S. Department of State 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 authorities on drug charges, in others while traffickers were under investigation by those agencies.

76. The Subcommittee did not find evidence that the Contra leadership “participated directly in narcotics smuggling in support of their war, although the largest Contra organization, the FDN, did move Contra funds through a narcotics trafficking enterprise and money laundering operation.” The Subcommittee concluded that there was substantial evidence of drug smuggling on the part of individual Contras, pilots who flew supplies, mercenaries who worked for the Contras, and Contra supporters throughout the region.

78. Further, the Subcommittee concluded that U.S. officials involved in assisting the Contras “knew that drug smugglers were exploiting the clandestine infrastructure established to support the war and that Contras were receiving assistance derived from drug trafficking,” yet did not report these individuals to the appropriate law enforcement agencies. Instead, the Subcommittee found that “some [of these] officials may have turned a blind eye to these activities.” Moreover, the Subcommittee believed there were “serious questions as to whether or not U.S. officials involved in Central America failed to address the drug issue for fear of jeopardizing the war effort against Nicaragua.”

105. Meneses’ name was next reflected in CIA reporting on June 11, 1986, when an LA Division Station informed Headquarters that a Contra leader, Fernando Chamorro, had allegedly been asked by Meneses in August or September 1984 to help “move drugs to the U.S.” On June 27, 1986, a DO [Directorate of Operations—ed.] National Collection Division office reported that it had learned from a Nicaraguan expatriate who was in contact with another U.S. Government agency that he suspected “Meneses was involved in the transporting of drugs.”

124. Miranda claims that the Sandinistas believed that Norwin Meneses worked with CIA to arrange flights carrying arms. [Meneses’ emissary to the Colombian cocaine cartels, Enrique Miranda—ed.] Miranda says that Meneses told him sometime in the late 1980s that he was working for the Contras and that he had the support of CIA. Miranda says Meneses also said he was receiving support from Oliver North and that he was passing on funds to support Contra groups. Miranda could provide no information to corroborate his claims, including those that Meneses had smuggled drugs for the Contras and had the sanction of CIA for those activities.

175. Shortly after his arrival in Los Angeles, Blandon says he met and began socializing with 20 or so other Nicaraguan expatriates. Blandon states that the group met weekly to talk about developments in Nicaragua and that the other members of this group also opposed Somoza and the Sandinista re-

gime.* Blandon recalls that the group was a loose affiliation with no formal structure, officers, or membership requirements, etc. . . . Blandon states that, sometime in 1981, the group, like many others around the country, was visited by Colonel Enrique Bermudez, who was then the military leader of the FDN. . . .

178. Blandon states that, while both he and Meneses continued to attend meetings of the California sympathizers, they also continued their cocaine business. He and Meneses traveled to Bolivia in 1982 to make a drug deal, and stopped en route in Honduras to see some of Blandon's family friends. It was during this stop in Honduras, Blandon states, that he and Meneses met Bermudez for the second time.

182. Blandon says he can only recall one occasion during his association with the California Contra sympathizers when he purchased anything of any real substance with drug profits for the group. Blandon states that on one occasion he used \$2,000 or \$3,000 in drug profits to put a down payment on a pickup truck to be used by FDN military forces. Blandon obtained the truck, filled it with medical supplies and radios, and turned it over to others to drive to Central America. He says that the truck was, in fact, later used by the FDN in Honduras. Blandon states that all of his later donations were in the form of much smaller amounts over a period of time and that those funds were used for office supplies for the California group. In total, Blandon estimates that he gave approximately \$40,000 over the entire course of his association with the California Contra sympathizers.

185. Blandon states that his final meeting with Bermudez occurred in 1983 at a Fort Lauderdale hotel where a "unification summit" of the five top Contra leaders was held. Blandon says he cannot recall all of the participants, but recalls that Bermudez and a member of the Chamorro family attended. . . .

190. . . . • Blandon estimates that during his entire association with the California Contra sympathizers he donated approximately \$40,000. He states that this money was used for the purchase of supplies and vehicles. Of this sum, Blandon estimates that approximately 70-80 percent derived from his drug business.

• Blandon estimates that the total monetary assistance he provided to Pastora was approximately \$30,000. Blandon states that this amount includes the estimated value of the housing in Costa Rica that he provided Pastora rent free, both during and after the Contra conflict.

195. Pastora acknowledges that, while he led the Southern Front forces, he received funds and the use of a C-47 cargo aircraft, as well as another smaller aircraft, which has been donated by narcotics trafficker Jorge Morales. Pastora states that he was not aware of Morales' drug trafficking activities until October 1984. Pastora states he canceled the cooperation

* The *San Jose Mercury News* reports that Blandon met Meneses in connection with this group. [Footnote in original.]

deal in early January 1985 when he realized the potential political fallout from dealing with a narcotics trafficker. Pastora says he ordered the planes donated by Morales be returned when he learned Morales was a drug trafficker.

196. Pastora states that, in addition to the aircraft provided by Morales, he also received approximately \$40,000 from Morales for various expenses. . . .

201. Meneses states that, between 1983 and 1984, his primary role with the California sympathizers was to help recruit personnel for the movement. Meneses says he was asked by Bermudez to attempt to recruit Nicaraguans in exile and others who were supporters of the Contra movement. Meneses has no recollection, however, of the number of people that he may have recruited for the FDN.

202. Meneses states that he was not directed to recruit people with any specific skills — such as pilots or doctors, but was simply told to seek out anyone who wanted to joint with the FDN. Meneses states that he was also a member of an FDN fund-raising committee, but was not the committee's head. Meneses states he did not raise "any significant amount of money" for the Contras during his association. Meneses adds that he was involved in 1985 in attempting to obtain "material support, medical and general supplies" for the Contra movement.

208. **Individual Statements: Renato Pena.** Renato Pena Cabrera is a convicted drug trafficker who says that he associated with Norwin Meneses and claims to have participated in Contra-related activities in the United States from 1982-1984. No information has been found to indicate that CIA had a relationship or contact with Pena or that he was of operational interest to CIA.

209. Pena says he met Norwin Meneses in 1982 at a San Francisco meeting of the FDN, for which he served as an official, but unpaid, representative of the political wing in northern California from the end of 1982 until mid-1984. Pena says he and Meneses met through Meneses' nephew Jairo, who was in charge of Norwin Meneses' drug network in the San Francisco area. Pena says Norwin Meneses had Contra-related dealings with FDN official Enrique Bermudez. Pena says that, when he was removed from his FDN position in mid-1984 — possibly because Contra officials suspected him of drug trafficking — he was appointed to be the "military representative to the FDN in San Francisco," in part because of Norwin Meneses' close relationship with Bermudez.

210. Pena says he made from six to eight trips from San Francisco to Los Angeles between 1982 and 1984 for Meneses' drug-trafficking organization. Each time, he says he carried anywhere from \$600,000 to \$1,000,000 to Los Angeles and returned to San Francisco with six to eight kilograms of cocaine. Pena says that a Colombian associate of Meneses' told Pena in "general" terms that portions of the proceeds from the sale of the cocaine Pena brought to San Francisco were going to the Contras.

227. More than 50 individuals were eventually arrested in what came to be known as “The Frogman Case.” Many were Nicaraguans, and two of these — Julio Zavala and Carlos Cabezas — claimed later that their drug trafficking activities were linked to the Contras. None of those arrested — including Zavala and Cabezas — claimed at the time that they had any relationship with CIA.

265. **Individual Statements: Cabezas.** Cabezas, currently an attorney in Nicaragua, was arrested in San Francisco in 1983, convicted and sentenced in 1984 in connection with The Frogman Case. According to the March 1986 *San Francisco Examiner* article, Cabezas claimed that he had worked with two Southern Front Contra groups, UDN/FARN and Democratic Revolutionary Alliance (ARDE). Further, the article stated that he had claimed the proceeds from his cocaine sales “belonged to . . . the Contra revolution.”

266. Cabezas says he began working with Zavala in October 1981 and that his job was to distribute cocaine to Zavala’s street dealers and to collect the profits for their own personal gain. Zavala, according to Cabezas, had a narcotics distribution network from which Zavala alone profited. However, Zavala also was part, says Cabezas, of a second, parallel network that brought cocaine into the United States for the purpose of raising funds for the Contras. Cabezas claims that the money seized from Zavala’s residence at the time of Zavala’s 1983 arrest was drug money that had been collected from a dealer and not money provided to Zavala by the Contras for the purchase of supplies.

268. Cabezas also claims that he attended a December 1981 meeting involving Troilo Sanchez, Horacio Pereira, Zavala, and Zavala’s wife Doris Salomon at a hotel in San Jose, Costa Rica. He believes this meeting was the genesis of an effort to raise money for the Contras by selling drugs. Although the original reason for the meeting was purely social, Cabezas says Sanchez and Pereira raised the idea of selling cocaine as a means to raise funds for the Contras. Cabezas says Pereira and Sanchez discussed the idea with him because both knew of Cabezas’ role in the Zavala organization. Although it was Sanchez’ and Pereira’s idea to raise funds for the Contras by engaging in drug trafficking, Cabezas says it was Zavala who came up with the idea that Cabezas serve as a go-between by collecting the money from street dealers and delivering it to Central America.

269. Cabezas states that he undertook a trip for this Contra fund raising enterprise sometime in early 1982. Cabezas recalls traveling to San Pedro Sula, Honduras at that time and spending two or three days with Pereira. Pereira reportedly told Cabezas that they were there to meet a Peruvian who would be bringing drugs for shipment to the United States. Cabezas says that he received the cocaine and brought it to the United States where it sold quickly. He says he returned to Honduras a short time later and delivered approximately \$100,000 from the sale of the cocaine to Pereira. Cabezas recalls that, after this first delivery, “Contra mules”—typi-

cally airline flight attendants—would bring the cocaine to the United States one kilogram at a time in woven baskets. Cabezas says he would disassemble the baskets and extract the cocaine, which was then given to Zavala’s street dealer network for sale. In all, Cabezas claims, he made more than 20 trips to Honduras and Costa Rica during 1982, delivering more than \$1 million to Sanchez and Pereira.

270. Cabezas says that two of Troilo Sanchez’ brothers — Aristides and Fernando — were Contra leaders. Cabezas alleges that he delivered an unspecified amount of money for the Contras from drug trafficking to Aristides Sanchez in Miami on at least one occasion, possibly in 1982 or early 1983. Cabezas says that he never specifically told Aristides Sanchez that the money came from drug proceeds, but only said that it was from Troilo. Cabezas says he assumes Aristides Sanchez must have know what Troil was involved in.

271. A few months later, Cabezas recalls, he was told by Pereira and Troilo Sanchez that Zavala could no longer be trusted with the “Contra side” of the operation because Zavala was skimming money to pay his personal cocaine distribution debts to the Colombian cartels. Cabezas states that the two operations had operated in parallel up to that point and that proceeds from cocaine sales were separated into two accounts—Contra and Colombian. Once Zavala came under suspicion, however, Pereira instructed Cabezas to collect the “Contra profits” and to deliver the money directly to Pereira and Troilo Sanchez.

Bush League targets the black community

by Dennis Speed

“George Bush, unlike the CIA, shoots back.” So stated Lyndon LaRouche, in response to queries from many community activists, state legislators, and heads of organizations who wanted to know why they were unsupported, by the Congressional Black Caucus, in their attempts to investigate the role of George Bush, through the reorganization of U.S. intelligence under Executive Order 12333 and other directives, in the Contra-led proliferation of crack-cocaine in American neighborhoods during the 1980s. Rep. Maxine Waters (D-Calif.), activist Dick Gregory, and the Congressional Black Caucus were all given the evidence. Yet, whenever they would appear in public, they would not attack Bush. Instead, they would “signify,” change the subject, prevaricate. They would not “go there.”

This was not without precedent. On Sept. 29, 1996, Lyndon LaRouche was prevented from personally blowing the George Bush sponsorship of crack cocaine, at the National