

104
ALLEGATIONS OF A CIA CONNECTION TO
CRACK COCAINE EPIDEMIC

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HEARINGS
BEFORE THE
SELECT COMMITTEE ON INTELLIGENCE
OF THE
UNITED STATES SENATE
ONE HUNDRED FOURTH CONGRESS
SECOND SESSION
ON
ALLEGATIONS OF A CIA CONNECTION TO CRACK COCAINE EPIDEMIC

WEDNESDAY, OCTOBER 23, 1996; TUESDAY, NOVEMBER 26, 1996

Printed for the use of the Select Committee on Intelligence



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ALLEGATIONS OF A CIA CONNECTION TO CRACK COCAINE EPIDEMIC

WEDNESDAY, OCTOBER 23, 1996

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Select Committee met, pursuant to notice, at 11:35 a.m., in room SH-216, Hart Senate Office Building, the Honorable Arlen Specter (Chairman of the committee) presiding.

Present: Senators Specter, Kerrey of Nebraska and Robb.

Also present: Charles Battaglia, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Kathleen McGhee, Chief Clerk.

Chairman SPECTER. The hearing of the Senate Intelligence will proceed.

The subject of today's hearings involves the allegations of CIA involvement in the U.S. drug sales to finance the Contras in the Nicaraguan war. This is the first day when Senator Kerrey and I could get together after the Senate recess. We are going to proceed today in our oversight capacity on the Central Intelligence Agency.

We are going to hear from witnesses Jack Blum, who was formerly counsel to the Senate Foreign Relations Subcommittee, and the Inspectors General from the Department of Justice and also the CIA, to outline the scope of the investigation which will be undertaken on this important matter.

During the course of the past several weeks, I've been engaging in a series of town meetings around my State, Pennsylvania. I note an extraordinary high level of distrust of the Government in so many, many lines. We see the militia movement, we see what had happened in a small township, Bradford, PA, interest in a 20-year-old shooting of a man named Leonard Peltiere[?]. Yesterday we noted the filing of information in the events relating to Ruby Ridge.

We intend to move through these oversight hearings very much as the Subcommittee of Judiciary did just a year ago this time on the hearings of Ruby Ridge. We heard some 62 witnesses over 14 days of hearings and came out with findings right down the middle and found general satisfaction with what the Oversight Committee did in that situation. This is a matter particularly suited for oversight.

I am not saying how many hearings we're going to have or precisely what we are going to do, because we're going to have to see how the matter unfolds. But it is a matter of some considerable interest and it has achieved quite a high level of recognition around the country.

I'm going to take a little longer than usual today to set the stage with a summary of the matters as they have appeared in the public media. Beginning August 18 of this year, the San Jose *Mercury-News* ran a 3-day series purporting to trace the origins of the crack cocaine epidemic to a pair of Nicaraguan drug traffickers with connections to the U.S.-backed Contras. The series was entitled "Dark Alliance: the Story Behind the Crack Explosion."

In stating what the San Jose *Mercury* found, we do not accept them and we do not endorse them, but merely outline these allegations to set the stage for the testimony which we are going to hear today. The series focused on the activities of two Nicaraguans, Oscar Danilo Blandon Reyes and Juan Norwin Meneses Cantarero, and a Los Angeles drug dealer named Ricky Ross.

Blandon had served as a minor official in the government of former Nicaraguan dictator Anastasio Somoza. Blandon fled Nicaragua before the Sandinistas came to power and ended up in California. He entered a guilty plea in 1992 to conspiracy to distribute cocaine and served 28 months. Upon release, he became a DEA informant and in March 1995 testified against Rick Ross.

Meneses is currently serving time in a Nicaraguan jail for a 1992 conviction on cocaine trafficking. Meneses comes from a prominent Nicaraguan family, long-time supporters of the Somoza regime. His older brother was a general in Somoza's national guard and chief of the national police. Meneses has a long history of involvement in drug trafficking. As early as 1976, the DIA identified him as a cocaine supplier in Managua. He fled to the United States when the Somoza regime collapsed, was indicted by a grand jury in the United States in 1989.

Ross, also known as Freeway Rick, is a 36-year-old African-American from South Central Los Angeles. In the 1980's, he became a major cocaine dealer in Los Angeles, rising to such prominence that local authorities formed a Freeway Rick Task Force, so called, in 1986. According to the *Mercury-News* series, and what I'm reciting now comes from the series—and as I say, we don't accept it or endorse it but are repeating it—in 1987 Ross moved to Cincinnati for a cooling off period and in 1991 was arrested, convicted and sentenced to 10 years for establishing a cocaine distribution ring in Cincinnati. That sentence was cut in half after he agreed to testify against Los Angeles narcotic agents accused of corruption. Nineteen ninety-five he was arrested in a DEA sting involving Blandon and was convicted in March 1996 of conspiracy to distribute cocaine and is awaiting sentence.

The *Mercury-News* series further alleges that in 1981 Blandon became involved with efforts to help the Nicaraguan Contras through largely unsuccessful fundraising rallies and parties. Blandon met Meneses, who encouraged him to sell cocaine to raise money—so says the *Mercury* series. Meneses took Blandon to Honduras to meet a Contra military leader, Col. Enrique Bermudez. Blandon has testified that Bermudez told him that the "ends justify the means." Although Bermudez never mentioned drug trafficking, Blandon began selling cocaine supplied by Meneses to raise money for the Contras.

Sometime between 1982 and 1983, according to the *Mercury-News* series, Blandon began supplying cocaine to Ross who mar-

keted it in the predominantly African-American neighborhoods in South Central Los Angeles. Again according to the *Mercury-News* series, Ross turned the powder cocaine into crack and became a major dealer in Los Angeles. According to that series, Meneses supplied Blandon who supplied Ross with a "seemingly inexhaustible supply of high grade cocaine." The Nicaraguans supposedly laundered their profits through a bank in Florida back to the Contra organization, the FDN, run by Adolfo Calero. The series refers to this as the FDN's drug operation.

The series also makes what could be characterized as veiled references to possible CIA interference in the investigation and prosecution of Blandon and Meneses. In discussing Meneses long history of drug trafficking, and the unsuccessful investigation conducted against him, the series says, "Records and interviews reveal that a number of these probes were stymied not by the elusive Meneses but by agencies of the U.S. Government." The article continues, "Agents from four organizations—DEA, U.S. Customs, the Los Angeles County Sheriff's Department and the California Bureau of Narcotics Enforcement—have complained that investigations were hampered by the CIA or unnamed national security interests." We will do whatever is possible to get to the bottom of that allegation.

Since the series ran in late August, several Members of Congress have called for an investigation. The Director of the Office of National Drug Control Policy, General McCaffrey, has also called for a review of the matter. Director of Central Intelligence Deutch testified before this committee of the CIA's intent to investigate, and he outlined that a preliminary review found no signs of CIA involvement in any such activity.

The San Jose *Mercury-News* series caused considerable national concern because of the question as to whether the U.S. Government bears responsibility for the crack cocaine epidemic. Several major newspapers have independently examined the allegations of the *Mercury-News* and reached different conclusions. The following is a very brief summary of some of those newspaper findings, and as the case with the San Jose *Mercury*, the committee does not accept or endorse any of those findings, but we'll repeat them to provide some balance as we begin this hearing.

The other newspapers noted that the link in establishing an alleged connection between the rise of crack cocaine and the CIA-supported Contras is the role of Blandon and Meneses. The *Mercury-News* series characterizes Blandon and Meneses as Contra leaders, saying that Blandon was one of the founders of the FDN in California. According to the other analysis, the *Mercury-News* offers little support for this claim beyond a photograph of Meneses and the FDN leader Adolfo Calero, and Blandon's assertion that he was selling drugs out of his sense of patriotism. The *New York Times* says, "Neither of the two ever held an official position in any of the Nicaraguan groups." The *Los Angeles Times* concluded that Meneses gave less than \$50,000 to the Contra effort and Blandon's participation was even more limited.

Other press reports have questioned the linkage between Blandon's dealings with Ross and the Contra effort. Blandon's testimony indicates that by the time he started selling to Ross, he had

stopped using Meneses as his principal supplier, and was dealing directly with the Colombians. Blandon also testified that after his break with Meneses in 1982 or 1983, he was not sending money to the Contras, but was in business for himself. It was only in late 1983 that he began his association with Ross. And according to these other new series, if Blandon was buying from the Colombians then selling to Ross and pocketing the profits, there is no connection—so say these other analysts—between the CIA-backed Contras and the crack that Ross was peddling on the streets of Los Angeles.

All sources acknowledge that Meneses and Blandon trafficked in cocaine, but most have questioned the characterization that they fostered the crack epidemic. The *Washington Post* reported that Blandon, based on law enforcement estimates and his own accounts, handled about 5 tons of cocaine over his 10 year career. That is obviously a significant amount, but it is $\frac{2}{10}$ ths of 1 percent of the nationwide cocaine trade and raises the question as to whether the *Mercury-News* accurately characterized him as the “Johnny Appleseed of crack in California.” According to the other analyses, law enforcement and academic experts discount the hypotheses that any one individual or organization was responsible for the growth of crack. The epidemic was driven, so they say, by a combination of factors that began appearing across the country nearly simultaneously.

These other news analyses concluded that Ross was a major Los Angeles crack dealer, but one of many and Blandon and Meneses were mid-level traffickers who sympathized with the Contras and probably donated a small amount of money to the cause in the early 1980's. The other news analysis say the trio was not directly connected to the Nicaraguan Contras or the CIA and the rise of crack cocaine would have occurred regardless of their participation.

That, I say, is a very brief setting as to what has appeared in the public media. This obviously is a matter of very, very substantial importance. The new stories directly implicate the Central Intelligence Agency. This committee has direct oversight responsibilities for the Central Intelligence Agency and we intend to see to it that all the facts are laid before the American public so that we can follow those facts and draw whatever conclusions are warranted. And as I say, today's hearing is just a beginning where we will hear from a former investigation by a Senate subcommittee of the Committee on Foreign Relations, not the Intelligence Committee, and what investigations are now planned by the CIA itself and the Department of Justice and this committee itself will be doing considerably further.

I now yield to my distinguished colleague, the Vice Chairman, Senator Kerrey.

Vice Chairman KERREY. Thank you very much, Mr. Chairman.

First of all, I do support strongly your decision to convene this hearing on these very important allegations that have been made against the CIA for its actions during the Reagan administration. Until we had the data, however, which the Inspectors General before us today will uncover, our hearing must be tentative and inconclusive. But it can serve at least one very important purpose, it can signal the seriousness and determination of this committee to learn the truth and to act upon it.

This is a very inflammatory subject to say the least. Either the CIA, a U.S. Government agency approved or condoned the introduction and sale of crack cocaine to Americans in order to finance the Nicaraguan Contras during the Reagan administration, or the people who served in the CIA at the time, many of who are still serving, have been erroneously accused. We have a duty to get to the bottom of these allegations. As we do so, I'm confident we'll be guided by the evidence, and the evidence only.

Speaking of confidence, I know Mr. Hitz, the CIA Inspector General, very well, and I know the statute which makes him completely independent from CIA management. So, I have confidence in his ability to get to the facts and to report them.

[A loud reaction from the audience.]

Vice Chairman KERREY. The audience—

Chairman SPECTER. We're going to ask that the proceedings be conducted in accordance with our regular rules. We'll hear the witnesses and we'll ask some questions, and we ask for no response from the audience, please.

Vice Chairman KERREY. And I'd say to the audience, who shows understandable cynicism about my statement, that Mr. Hitz has been, on many occasions, many occasions, under a great deal of pressure from the CIA as a consequence of his honest and direct evaluation of their performance. On many occasions, former Directors have actually come before our committee and asked that he be removed because he's done such a thorough job of evaluating. So, I do not praise Mr. Hitz and say that I believe that his IG report will provide—and we will make, to the extent possible, that information public so it can be examined.

I do not make a complimentary remark about Mr. Hitz in order to cover for the CIA. I do it because I believe the IG's report, which is initiated as a consequence of the CIA's concern over what's going on, I believe that report is going to be enormously constructive. I look forward to the work product.

I do not know Mr. Bromwich, but I have the same, very high expectation that we have had on Mr. Hitz when he's examined many of these things in the past.

I would say, parenthetically, as well, that one of the difficulties that we have is that when we recruit men and women who work, whether it's for the Central Intelligence Agency or the FBI, whoever they're working for, we ask them to do many things. We ask them to do, above all, to keep what they do in secret. It's a very difficult environment. These men and women have families. These men and women love their country. They're trying, to the best of their ability, to do their job. I believe that they should be afforded the same presumption of innocent until proven guilty that every other American is given.

Regardless of the truth of the specific allegations from the *Mercury-News*, I believe we must also step back and ask how America was affected when the Reagan administration made the policy decision that communism in Nicaragua, and not drug trafficking, was America's top priority in Latin America. This policy choice may have made it easier for the cocaine cartels to build their business in this country. It may have placed CIA personnel in contact, they otherwise would not have had, with drug traffickers. If the worlds

of overt action and drug trafficking bumped into each other, we need to know how CIA people reacted, and whether those reactions would be any different under today's rules.

Mr. Chairman, emotion can be the enemy of evidence. But emotional reaction to these allegations sends a powerful message. It is our duty as elected officials to listen to the message, learn from it and act on what we learn. The message I am hearing is a deep-seated cynicism and hostility toward the Government and its motives on the part of many in the African-American community.

[A loud reaction from the audience.]

Vice Chairman KERREY. They contrast the Government's military and scientific prowess with its failure, a long-running bipartisan failure, Mr. Chairman, to keep drugs from ruining their families and their neighborhoods. They conclude their Government is, at best, indifferent to them. From their perspective, the war on drugs is war against the people of our own inner cities, not against those who mastermind and profit from this trade. When you look at the great majority of those in prison for drug offenses, you can hardly argue with this point of view.

If we are to bring something positive out of these allegations, Mr. Chairman, we must hear this message and we must work across party lines with the Administration and with State and local government to put in place counter-drug programs which everyone in the country, including those in the inner city, can see are effective and are for the benefit of all Americans. A democratic government can't last very long if many of its own people view it as an enemy.

Chairman SPECTER. Thank you very much, Senator Kerry.

[Applause.]

Chairman SPECTER. I would underscore what you have said in one respect: about the cynicism. It is not only the African-American community which is cynical about what goes on in the Government. I would refer again to the hearings at Ruby Ridge where there was great cynicism as to what the FBI did and the Alcohol, Tobacco, and Firearms unit. A subcommittee in this very room, just a year ago at this time, as I had said earlier, conducted 14 hearings and heard 62 witnesses and produced a 155-page report. While it has taken the Justice Department some time, and I suggest too long, they did file a criminal charge yesterday against a very high ranking FBI official. The responsibility really is lodged on oversight with the Congress. We have that responsibility.

We'll hear today from Executive officials, but the buck comes to the Congress of the United States, and this committee will discharge its responsibilities fairly and fully.

We'd like now to have Mr. Hitz and Mr. Bromwich step forward.

And I would yield now to Senator Robb who has joined us.

Senator ROBB. Mr. Chairman, I thank you. I have no opening statement. The allegations are serious and deserve a thorough inquiry and evaluation. I look forward to hearing the testimony of our opening witness and subsequently to the investigations that the Inspectors General will conduct. I will suspend any conclusions until that time.

I thank you.

Chairman SPECTER. We'd like to proceed now to hear all three witnesses seriatim, and then we will have questions. So if we could

have, as I say, Mr. Hitz and Mr. Bromwich step forward and be seated at the witness table.

We turn to you first, Mr. Blum. Jack Blum is the former special counsel to the Senate Foreign Relations Subcommittee on Terrorism, Narcotics and International Operations. That subcommittee conducted an extensive inquiry and filed an extensive report back in 1989. We're very interested in those findings at that time. And we now turn to you.

**STATEMENT OF JACK A. BLUM, FORMER SPECIAL COUNSEL,
SUBCOMMITTEE ON TERRORISM, NARCOTICS AND INTER-
NATIONAL OPERATIONS, SENATE FOREIGN RELATIONS
COMMITTEE**

Mr. BLUM. Mr. Chairman, I very much appreciate the invitation to appear here this morning. I find it ironic in a way that I'm here in the same room where we began hearings on the same subject in 1988, in January 1988. We began the investigation in 1987.

The questions you've put this morning are questions which are extraordinarily important. The question of reform of the intelligence community really requires that these issues be debated publicly and discussed publicly. I would hope that that inquiry goes beyond the narrow questions posed in the San Jose *Mercury-News* story.

The answer you get to the questions you ask depends totally on how you frame the question. If you ask the question, did the CIA sell drugs in the Black neighborhoods of Los Angeles to finance the Contra war, the answer will be a categorical no. The fact of the matter is we found no evidence whatsoever to suggest that there was a targeting of the African-American community. Cocaine in the mid 1980's and into the early 1990's was a perfect equal opportunity destroyer. We had addiction and problems in schoolyards across America. It didn't matter what color you were, where you were from, what your national origin was.

The problem became more acute in the African-American community because the definition of a problem addict in America is an addict who runs out of money. If you run out of money quickly, you become involved in the drug trade. You become a visible social problem, and you get on the screen. In fact, the stockbrokers, the entertainers, the lawyers who used cocaine around America escaped that attention, but their lives were ruined, too, perhaps not financially.

The second issue is, did the CIA do the selling of the cocaine and did the Contras profit? As far as we were able to determine, no member of the staff of the CIA, that is, someone on the payroll, as opposed to people they work with, was in the cocaine business. Certainly no one on the staff of the CIA, as far as we could determine, was actively selling the drug.

Then finally the question of, was it used to support the Contras. I will tell you of two meetings that I had with Contra veterans, one in 1986 and one in 1989, at the beginning and the end of my investigation. They said, our problem was we never had any money. Our leadership stole most of it. They had houses in Miami. They had opportunities to gamble. They had girlfriends. They traveled. And we, who were in the field, and one of the groups that I talked to

had men who lost their arms and their eyes and their legs fighting the Sandinistas—we in the field had none of the benefit.

So I submit what went on led to the profit of people in the Contra movement, not to supporting a war that we were trying to advance.

Now, having said that we have to go back to what is true. What is true is the policymakers absolutely closed their eyes to the criminal behavior of our allies and supporters in that war. The policymakers ignored their drug dealing, their stealing, and their human rights violations. The policymakers—and I stress policymakers—allowed them to compensate themselves for helping us in that war by remaining silent in the face of their impropriety and by quietly undercutting law enforcement and human rights agencies that might have caused them difficulty.

We knew about the connection between the West Coast cocaine trade and Contras. There was an astonishing case called the Frogman Case. In that case—I believe it was in that case—the U.S. attorney from San Francisco, a man by the name of Russinello returned \$35,000 of cocaine proceeds voluntarily to the Contras when it had been seized as proceeds of drug trafficking. We found that absolutely astonishing. I know of no other situation where the Justice Department was so forthcoming in returning seized property.

Chairman SPECTER. Was that the Justice Department or the district attorney of San Francisco locally?

Mr. BLUM. This was the Justice Department, the U.S. attorney.

Chairman SPECTER. The U.S. attorney?

Mr. BLUM. That's correct.

We had a telephone conversation with Mr. Russionello asking him to provide us documents and access to the people involved in the case, and he shouted at us. He shouted at Senator John Kerry, who chaired the committee. He accused us of being subversive for wanting to go into it.

It should be stressed that the Blandon-Meneses ring was part of a very much larger picture. To give you an idea of how large that picture was, there was a point where the wholesale price of cocaine on the street in Los Angeles reached \$2,500 a kilo. We were talking about cocaine that was available in such quantity they could not find buyers. Twenty-five-hundred dollars a kilo, according to all the experts, is below cost. And that is a flood of cocaine.

Our friend Freeway Ricky was touching only a tiny fraction of what was coming in. We had a definite cocaine epidemic.

Now, you might ask, why did the hearings we ran in 1989 and the report we released in—the hearings we ran in 1988 and the report we released in 1989 not get more attention. The answer is, we were subject to a systematic campaign to discredit everything we did. Every night after there was a public hearing, Justice Department people, administration people would get on the phone, call the press, and say the witnesses were all liars, they were talking to us to get a better deal. That we were on a political vendetta, that none of it was to be believed, and please don't cover it.

The consequence of that was the hearing and the report were given very modest play in the press. I think the report and the hearing, as you go into this matter, and look at some of the transcripts, and I do hope you'll get the actual records and closed ses-

sion and deposition hearings from the archives, where they all are—and I hope all of that is made public—you'll find we did a rather thorough job. It was a systematic effort to discredit us that prevented the conclusions from receiving the attention I believe they warranted.

Now, I would argue that over a long period of years, covert operations were undertaken—and it's not only the CIA, obviously, the decision in that area is at a political level, and the CIA would be an implementing agency—were taken on an ideological basis that verged on religious belief, and with an eye to short-term results and not long-term consequences. Never again should that kind of ideological blindness and short-term vision infect intelligence assessments.

In the 1980's, all of us could count the number of people dead on the streets of America as a result of the drug problem. You couldn't find me a single person in America who had died as a result of an attack by a Sandinista inside our borders. There should have been some ability to notice that distinction and understand the importance of the drug problem and understand that that had to be addressed and, at the very least, that anything you did to solve any other foreign policy problem not make the drug problem worse.

I think that among the other things you should be looking at is a review of the relationship in general between covert operations and criminal organizations. The two go together like love and marriage. It's a problem which really has to be understood by this committee. Criminal organizations are perfect allies in a covert operation. If you sent me out of the country to risk my life for the Government, to do something as a spy in a foreign land, I would think criminals would be my best ally. They stay out of reach of the law. They know who the corrupt government officials are, and they have them on the payroll. They'll do anything I want for money. It's a terrific working partnership.

The problem is that they then get empowered by the fact that they work with us. So now they have stature and influence and impact in their own country, and if they have influence with politicians and people who come to power, we now have a new powerful criminal enterprise, and we can't always control what they do once we stand down. Unfortunately, we have yet to figure out how to prevent criminal friends from becoming an albatross.

There's a second problem, and that is when you run covert operations, you train people in a lot of skills. Unfortunately, the story of Adam and Eve stays with us. Once you learn something, once you've bitten the apple of knowledge, you can't unlearn it, ever. When you teach people how to change their identity, how to hide from the law, how to build bombs, how to assassinate people, they don't forget how to do it. And you wind up, after the covert action is over, with a disposal problem. We've never been very good at handling disposal. We had that problem in the Bay of Pigs. Bay of Pigs veterans have turned up in everything from Watergate to the Letelier assassination. There's a list that's so long it's painful to recount.

Now the connection with the drug trade—and I had to go into much of this in preparation for the hearing, and we heard it again

and again from people we talked to—goes way back. We were involved in assisting the Kuomintang armies against Mao Tse Tung in the 1950's. During that period, we supported people who were in the heroin trade in the mountains of Burma, and those Kuomintang armies helped themselves and financed themselves out of the heroin business.

It turned up again in the Vietnam war, where our allies, the Hmong tribesmen, were in the heroin business. There were many accusations and all kinds of stories about was the CIA dealing heroin? And the answer was, we're not doing it. Probably true. It's our allies, and we have to work with whoever we have to work with.

In Afghanistan recently, we've had allies who went into the heroin business big time. It's the largest cash crop in Afghanistan. It's the most important export from the region. It's coming out by the ton.

We also have a disposal problem. We have all kinds of people who've been trained in bomb making. And, by God, they've been with us everywhere from the World Trade Center to Paris and all over the world, wherever there's somebody who doesn't suit their ideological tenor.

Now, to turn specifically to the Latin American story and where our investigation picks up on the drug trail. We had testimony from a man who was a civilian employee of Argentine military intelligence, Llandro Sanchez Ris[?]. He told us that the United States had encouraged the Argentine military to act as proxy for the United States during the Carter administration because we had a public policy of supporting human rights and another policy of really trying to sustain our anticommunist efforts. The Argentines, he said, sponsored the cocaine coup in Bolivia and then set up a money-laundering operation in Fort Lauderdale. We later checked and, indeed, he had set up that operation. He used the money-laundering operation in Fort Lauderdale to provide funds to the Argentines all over Latin America who were in the business of "fighting communism." We should remember that it was the Argentines who were the original trainers of the Contras. They were the ones who brought the original Contras to Honduras, Guatemala and began to teach them how to do what they had to do against the Sandinista government.

Sanchez Ris told us that he believed that the reason the Argentines were so willing to go to war with the British over the Falklands was that the Argentine generals seriously thought that the assistance they had given us, the covert assistance they had given us, was going to put them in our good graces to the point where we would side with them, a tragic mistake indeed, if he was correct.

The second man who turned up on our screen very big time was General Noriega. As you'll recall—press accounts have said it, the Government has made this public; so I'm not saying anything that's classified—Noriega was on our payroll. The accounts we heard were that he was getting paid some \$200,000 a year by the U.S. Government. At the time that was going on, virtually everybody who dealt with him knew he was in the drug business. It was an open secret. In fact, it was so open it appeared on the front page

of the *New York Times* in June 1986. I testified about it in a closed session of the Foreign Relations Committee in 1986.

We have, as the absolute low point of the Contra War, Ollie North having a meeting with General Noriega. He recorded that meeting in great detail in his notebooks in which he's bargaining with Noriega. Noriega says to him, I've got this terrible public relations problem over drugs. What can you do to help me? Here's what I'll do to help you. I'll assassinate the entire Sandinista leadership. I'll blow up buildings in Managua.

Ollie doesn't call the cops. What Ollie does is he goes back to Poindexter, and Poindexter says, "Gee, that's a little bit extreme. Can't you get 'em to tone it down? Go back and meet with him again." Which Ollie does.

When our committee asked the General Accounting Office to do a step-by-step analysis of just who in our government knew that General Noriega was dealing drugs, and when they knew it, and what they did to act on that knowledge, the Administration told every agency of the government not to cooperate with GAO, labeled it a national security matter, and swept it into the White House and cloaked it in Executive Privilege. That investigation never went forward, should have gone forward. I was very much dismayed.

Our committee subpoenaed Ollie North's notebooks. The history of those notebooks is quite astonishing. Not many people realize this, but the Senate never got a clean copy of those notebooks. North's lawyers were permitted to expurgate sections of the notebooks based on "relevance." Our committee subpoenaed those notebooks, and we engaged in a 10-month battle to get them. Ultimately the investigation ended, the subcommittee's mandate ended, we never got them. On top of the fact that clean copies—

Chairman SPECTER. Why wasn't it pursued at that time?

Mr. BLUM. The Administration, to begin with, classified the notebooks—and this is truly bizarre, because they remained in Ollie's possession—at the codeword level. The expurgated copies were kept in your committee's office under codeword classification.

[A loud reaction from the audience.]

Mr. BLUM. When I read those diaries—

Chairman SPECTER. It wasn't exactly my committee's office. It was the Senate Committee's office.

Mr. BLUM. No, but I say "your" in the sense of the Intelligence Committee's office.

Chairman SPECTER. I was not the Chairman at that time.

Mr. BLUM. Yes. And that was quite proper because those were the rules.

Chairman SPECTER. Well, the question that I raise, Mr. Blum, is there are ways of dealing with claims of executive privilege, and they can be taken to the courts, and the courts have ruled that—

Mr. BLUM. Right.

Chairman SPECTER [continuing]. The privilege is not well founded on some occasions, and there are remedies which the Senate can undertake to deal with the Administration when the Administration acts improperly.

Mr. BLUM. Well, we started down the track. The effort to get the subpoenas became mired in the Presidential campaign and the political debate surrounding it. The committee—

Chairman SPECTER. There's always one of those going on.

Mr. BLUM. The committee's mandate expired. Frankly I can't tell you why in the ensuing Congress it wasn't pursued. There was a later effort by the National Security Archive, under the Freedom of Information Act, to get further declassification and release of the notebooks. They succeeded to some degree. The notebooks in their entirety are still not public, and my belief is that your committee, the Intelligence Committee should undertake, at the earliest opportunity, a complete investigation of the notebook situation, and do your best to make it public to restore some degree of confidence in the process.

[Applause.]

Mr. BLUM. Now, the problem of General Noriega and Ollie North's notebooks and what was in them is only of a number of problems related to this war and related to drug trafficking that we stumbled into. We had problems in Haiti, where friends of ours, that is, intelligence sources in the Haitian military had turned their facilities, their ranches and their farms over to drug traffickers. Instead of putting pressure on that rotten leadership of the Haitian military, we defended them. We held our noses, we looked the other way. They and their criminal friends distributed, through a variety of networks, cocaine in the United States, in Miami, in Philadelphia, in New York, in parts of Pennsylvania.

Honduras was another country that was key for the Contras. Honduras was the base of Contra operations. Most of the Contra supplies came through Honduras. We wanted to do nothing to embarrass the Honduran military. Ramon Matabalasteros[?], a member of the gang that was involved in the Camarena murder, went to Honduras and found refuge there. He was walking in the streets of Tegucigalpa, openly and publicly.

The response of the U.S. Government was to close the DEA office in Honduras and move the agents stationed there to Guatemala. We took testimony from that DEA agent. He said it made no sense. The drug trafficking was going on in Honduras, and the Honduran military were at the center of it.

When the war ended, almost the minute the war ended, to our credit, the Administration arranged the midnight extradition of Mr. Matabalasteros, who is currently serving a life term in American prisons. The response of the Honduran military was to allow a mob to burn down a portion of the U.S. facilities in Tegucigalpa. But we sat by as long as they were helping us and allowed them to carry on their illegal business.

We also became aware of deep connections between the law enforcement community and the intelligence community. I personally repeatedly heard from prosecutors and people in the law enforcement world that CIA agents were required to sit in on the debriefing of various people who were being questioned about the drug trade. They were required to be present when witnesses were being prepped for certain drug trials. Various—at various times the intelligence community inserted itself in that legal process.

I believe that that was an impropriety, that that should not have occurred.

Chairman SPECTER. Well, when you say——

[Applause.]

Chairman SPECTER. When you say, "inserted itself into that process," are you suggesting that the Intelligence Community thwarted or stopped prosecutions which should have——

Mr. BLUM. That too.

Chairman SPECTER [continuing]. Gone forward.

Mr. BLUM. That too; that too.

[Applause.]

Chairman SPECTER. Well, could you be——

Mr. BLUM. Let me explain.

Chairman SPECTER. We're going to have to have this hearing conducted without interruptions from the audience. You are all here and you are all invited to stay. But if there are interruptions, we can clear the room. Proceed, Mr. Blum.

Mr. BLUM. There were, first, participation in the investigative process, a process and procedure for clearing informants that were put on by DEA, a process of being there for debriefings of important witnesses. But, then, when there were criminal cases that threatened to expose various covert operations in the region, those criminals would be then put aside for one reason or another. There was a procedure for doing that within the Department of Justice. We attempted to probe that procedure. The Department of Justice rebuffed us rather systematically. We had some conversations with one of the Justice Department officials involved and took his deposition. But we were never able to get really satisfactory responses to the questions we asked.

We do know that Ollie North directly intervened in a number of cases to help people who had helped the covert war.

Chairman SPECTER. Well, Mr. Blum, when you come to that subject, during my earlier tenure on this committee, I saw that done, much to my dissatisfaction. There is a statute which sets forth proceedings where the Department of Justice is authorized to drop prosecutions where they cannot make disclosures of confidential informants. I personally have questioned the wisdom of that kind of a procedure. But it is authorized by U.S. law. This committee was frequently rebuffed by claims of that sort.

But let me ask you on a question relevant here. Did you ever see any of that interference by U.S. intelligence, CIA or otherwise, of any prosecutions against cocaine in Los Angeles?

Mr. BLUM. We did not focus on Los Angeles and Los Angeles prosecutions. I can tell you there were cases in Miami and there were other cases in other parts of the country.

Chairman SPECTER. But were they cases——

Mr. BLUM. I think we refer to them—and if you dig into the materials—I can't remember them off the top of my head——

Chairman SPECTER. All right. You say there were not cases in Los Angeles that you saw. But were there——

Mr. BLUM. We didn't find them. That doesn't mean there weren't any.

Chairman SPECTER. Well, I understand that. But I'm asking whether you found them. But you say you did find such cases in Miami.

Mr. BLUM. Right.

Chairman SPECTER. Now, did those cases permit cocaine dealers to continue to operate?

Mr. BLUM. One had the sense they did. But we could not get—when we got into this area, we confronted an absolute stone wall. Bill Weld, who was then the head of the criminal division, put a very serious block on any effort we made to get information. There were stalls; there were refusals to talk to us, refusals to turn over data. An assistant U.S. attorney who gave us some information was reprimanded and disciplined, even though it had nothing to do with the case, in a confidential way. He simply told us about procedure.

Chairman SPECTER. Who was he?

Mr. BLUM. I don't recall his name, but it's in our hearing materials and we can furnish that for the record.

We had a series of situations where Justice Department people were told that if they told us anything about what was going on they would be subject to very severe discipline. I got a lot of back door information and then I was told I couldn't ever use it because the careers of the people involved would be seriously compromised.

Now, we had another problem.

Chairman SPECTER. Now, wait a minute. When you were told that, did you make any efforts to use that information?

Mr. BLUM. Yes.

Chairman SPECTER. What did you do?

Mr. BLUM. We went back to the Justice Department. We talked to them. We said, we really want to talk to these people. And they simply stonewalled us.

Chairman SPECTER. Now, you're saying that you received information on a voluntary basis.

Mr. BLUM. Uh-huh.

Chairman SPECTER. But under an agreement not to use it because it would affect the careers of those individuals.

Mr. BLUM. Right.

Chairman SPECTER. And you honored those commitments.

Mr. BLUM. We honored the confidentiality. It's the only way—I'm sure you understand that—that you can ever get anyone to talk to you. But then we went back and tried to get the information on the cases, and as soon as we did, the answer was, sorry, we can't do that, and there were a thousand excuses.

We ran into another procedure which was extremely troubling. There was a system for stopping Customs inspections of inbound and outbound aircraft from Miami and from other airports in Florida. People would call the customs office and say, stand down, flights are going out, flights are coming in. We tried to find out more about that and were privately told, again by Customs people who said, please don't say anything, but the whole thing was terribly informal and there was no real way of determining the legitimacy of the request to stand down or the legitimacy of what was on the plane and going out to people in the field. That I found to

be terribly troubling, and it's a matter that you all should be looking at very carefully.

There was a flip side to this drug problem as well. One of the favored techniques of various people in this operation was, whenever there was someone they didn't like, they would label him a drug trafficker. So we ran into the case of Ron Martin who had set up an arms warehouse in Tegucigalpa, Honduras, and he did it at the request of various friends of his in the U.S. Government and it was sort of a pre-positioning of weapons to help the Contras. The idea was that when the ban on direct aid was lifted, his stuff could be sold.

Ron Martin was a potential competitor of the Secord-North supply network. North started telling everyone that the Martin warehouse was financed by cocaine, not to deal with it. And the impact was to destroy Ron Martin financially. So this became a matter of affirmative and negative use.

I would say that based on my experience with this affair and my look at the long history of our covert operations dealing with criminals and drug dealers, that this entire affair needs a thorough review, a historical review as well as the narrow review of the issues posed by the article in the *San Jose Mercury*.

The problem as I see it is, if you go to bed with dogs, you get up with fleas. If you empower criminals because empowering them happens to be helpful at the time, the criminals are sure to turn on you next. The people who plan covert operations should know that and should be held accountable for not telling their bosses if in fact they're dealing with this kind of guy and they do come back and bite them.

The most important loss that we had as a result of the covert war in Central America was the loss of public trust in the honesty and integrity of the people who run America's clandestine operations. The measure of that is how ready everyone is to believe Freeway Ricky and his fable about being the arm of the CIA in selling crack in Los Angeles. Ricky deserves life in prison for what he did to his people in his community. The CIA didn't make him do it, and the profits from his deal certainly didn't go to help the Contras. But that does not mean that there is not a need for a very powerfully done investigation and a backwards look at the entire 40-year history of this problem.

Thank you, Mr. Chairman.

[Applause.]

Chairman SPECTER. We will proceed with 10 minute rounds as to your testimony, Mr. Blum, because it will differ substantially in nature from Mr. Hitz and Mr. Bromwich.

Let me begin with the overall question as to whether you believe that the United States has now placed proper emphasis on counter narcotics as a foreign policy goal?

Mr. BLUM. Yes, I do. I think the priorities have changed very substantially, and I'm very pleased to report that we have correctly now assessed narcotics and international organized crime as a significant threat.

Chairman SPECTER. Do you think the interdiction of the international flow of narcotics has been successful? Have we stopped drugs from coming in from Latin America, Mexico?

Mr. BLUM. We have not. We have terrible problems in Mexico. We have terrible problems still in Latin America. We have problems coming at us in terms of heroin from Asia and from Latin America as well.

Chairman SPECTER. Should the United States been doing more to stop the flow of drugs into the United States?

Mr. BLUM. I think so, yes.

Chairman SPECTER. Mr. Blum, let me go back to the specifics of the *Mercury-News* series, because we are focused on that here. You have raised quite a number of other issues and they're all very important. But did the principle participants in the current allegations—that is Blandon and Meneses—figure in any of the investigation which your subcommittee did?

Mr. BLUM. Yes. As I said, we knew about Meneses. I believe one of Senator Kerry's staff did interview Meneses at one point. We were aware of that cocaine ring. And as I said, when we tried to get information through government channels, we were blocked.

Chairman SPECTER. Was there any information that you did get that linked either Blandon or Meneses to the CIA?

Mr. BLUM. Not directly, no.

Chairman SPECTER. Well, indirectly?

Mr. BLUM. Indirectly, we would—I would have to say yes. And I—here, I'm relying on an 8-year memory. When I say yes, let me explain what I mean. We had people in the Contra movement, southern front Contras, and indeed there is a television, a video deposition of one of them, who says look, I discussed the problem of the drug dealing among our number with my case officer. And he told me—

Chairman SPECTER. Who was that? Who was that who was on the video?

Mr. BLUM. This is a Contra leader. He was a member of the Contra directorate. We took his deposition in video form, in San Jose, Costa Rica.

Chairman SPECTER. Do you recall his name?

Mr. BLUM. Not off the top of my head.

Chairman SPECTER. OK.

Mr. BLUM. I just at the moment can't recall who it was. He told us that he had discussed the drug problem and his case officer said look, there is nothing we can do about it. You do what you have to do. Just don't tell me any more about it.

Chairman SPECTER. He discussed the drug problem with his case officer.

Mr. BLUM. That's correct.

Chairman SPECTER. And what kind of a case officer was that?

Mr. BLUM. CIA. We had that just straightforward.

The reaction of the people who were running the covert operation, as best as we could determine was, look, we've been sent here to Central America to do a job. Our job is to win this war against the Sandinistas and to change the political climate here. We're not in the law enforcement business. We can't be playing cops with the people who are working with us. If there's drug trafficking, let the DEA deal with it. But we have to do what we have to do, and please don't let that other mission interfere with what we have, because, by God, it's difficult enough.

Chairman SPECTER. So what you're saying is that the CIA individual did not stop them from dealing in drugs.

Mr. BLUM. Right.

Chairman SPECTER. But he did not encourage them to deal drugs.

Mr. BLUM. No.

Chairman SPECTER. Or did not use the—

Mr. BLUM. But he then also—

Chairman SPECTER. Excuse me; excuse me.

Mr. BLUM. Yeah.

Chairman SPECTER. The question is not finished. Or did not use the proceeds or encourage the use of those proceeds to finance the Contras.

Mr. BLUM. Not at all. As I said before, all of the people who played in this took the money and put it in their pockets.

Now, there's one other thing you have to understand about the situation in Central America at the time, and it's relevant to the question you asked. There were facilities that were needed for running the war, clandestine airstrips, cowboy pilots, who would fly junker airplanes, people who would make arrangements for the clandestine movement of money. Every one of those facilities was a perfect facility for someone in the drug business. So there were people who were connected very directly to the CIA who had those facilities, and allowed them to be used, and indeed personally profited from their use as drug trafficking—

Chairman SPECTER. Do you have specifics on that?

Mr. BLUM. Who, when I left—

Chairman SPECTER. Wait, let me finish the question. Who from the CIA permitted those facilities to be used?

Mr. BLUM. It's not that someone from the CIA permitted them to be used. It's that a contract employee had the facilities. He was doing a job. That job wasn't delivering drugs for the CIA.

Chairman SPECTER. A contract employee but not a member of the CIA?

Mr. BLUM. That's right. And what he—

Chairman SPECTER. So the contract employee allowed those facilities to be used, and the contract employee benefited from the proceeds.

Mr. BLUM. You bet, you bet.

Chairman SPECTER. OK.

Mr. BLUM. None of that money went to the Contras. I've shared with your staff the name of the person involved. I don't want to here violate the secrecy requirements that we were bound by. The point is that this was going on in tandem with the war. The people who were organizing it from our side saw all of it. In fact, you had to be blind not to see it. Instead of trying to stop it or say, wait a minute, we really ought to change our policy here, or rethink how we're doing it, they went forward and said, we're going to solve the problem with the Sandinistas, and the devil take this other set of issues.

Chairman SPECTER. Mr. Blum, referring now to some specific individuals who have been cited in the *Mercury-News* series, Adolfo Calero and Enrique Bermudez—

Mr. BLUM. Uh-huh.

Chairman SPECTER. Were either of those individuals involved in the investigations which you conducted?

Mr. BLUM. Certainly. They were central figures in the Contra movement, and their names came up again and again in conversations about the problem. Now—

Chairman SPECTER. Were they involved in cocaine trafficking?

Mr. BLUM. Directly? Directly, to my knowledge, no. I have to say no.

Chairman SPECTER. All right. Indirectly, to your knowledge?

Mr. BLUM. Many of their people and their close associates were.

Chairman SPECTER. But how about those individuals specifically?

Mr. BLUM. I can't say that I have evidence of it.

Chairman SPECTER. Who among their close associates were involved?

Mr. BLUM. We have listed people in the report. We have additional material, and you'll find it in our transcripts. After 8 years, I can't list names. If I did, I'd be taking a terrible risk.

Chairman SPECTER. Well, I can understand that. Are any of those individuals identified in the San Jose *Mercury* series?

Mr. BLUM. Not to my recollection, no.

Chairman SPECTER. Going back to the issue of covert operations, Mr. Blum, based on what you have found, do you think the U.S. Congress, as a matter of public policy, ought to ban covert operations?

Mr. BLUM. I think that there may, in some circumstances, desperate matters of national urgency, be some kind of argument for them. But I will say that in my experience we have rarely considered the blowback, we have rarely considered the long-term political consequence. If you look at the kind of catastrophic record that the operations that got us tangled up in the drug business led to, I would say they failed. Remember, we lost the war in Nicaragua. Remember that our dear friends in the Argentine military disappeared thousands of people. Look at the horrible, brutal reality of Pinochet's Chile. And ask what kind of threat there was to the United States that warranted that kind of behavior.

Chairman SPECTER. Well, I come to the public policy question because this committee has been very deeply involved and is continuing at this moment on a valuation of what may or may not be covert activities. I'm interested in your judgment.

Mr. BLUM. I—

Chairman SPECTER. But your net conclusion is that there are some situations which may be sufficiently serious to warrant covert activities?

Mr. BLUM. Yes. There may be, but I believe that nowhere near the scale, not even a smidgen of the scale that they were carried out on in the past, and certainly a complete rethink of the idea of building alliances with criminals and drug dealers.

Chairman SPECTER. Well, are you—

Mr. BLUM. I think we need to spend much more money on overt diplomacy and on public help for people who are our friends and on real diplomacy. We've slashed the State Department budget by a tremendous amount, and not done the same for the intelligence budget. I find that quite mysterious.

Chairman SPECTER. Do you think we have slashed the State Department too much in the past several years?

Mr. BLUM. Way too much. There's no money for people to travel, no money for them to negotiate, no money to bring foreign leaders here to teach them, to educate them, no opportunity to bring emerging leadership here. We have a very real budgetary problem in the State Department.

Chairman SPECTER. Well, my time is up, and I want to just ask you two very pointed questions. When you say that there have been too many covert activities, are you aware of how many covert activities there have been? Because the findings are secret. They're made by the President. They're supposed to be secret. There are a fair number that do remain secret, believe it or not, because this committee does review them. So I just wonder what your basis is.

Mr. BLUM. Well, you know—

Chairman SPECTER. Now, wait a minute. Let me finish the question.

Mr. BLUM [continuing]. One of the difficulties—

Chairman SPECTER. So the question is what is your basis of knowledge as to the covert activities which are—which have been undertaken to say that there are too many?

Mr. BLUM. I have now spent a number of years in the field—that is traveling around the world talking to people. I will give you just one experience with Washington's notion of secrecy and the world's notion of secrecy. It was one of my first trips to Asia in the middle of the Vietnam War. I was on a KLM plane flying over Vietnam. The pilot, Dutch, said, "Ladies and gentlemen, look outside the window. We're flying over Laos. See that area? It's been carpet bombed." I came back to Washington and I said to Senator Symington—I was then working for the Senate—Senator, you know we're bombing in Laos? He said, "Shhh. That's classified." Now, I submit to you—

Chairman SPECTER. Well, he didn't fly KLM.

Mr. BLUM. Right. I submit to you that lots of what you sit here and look at and say, boy, this is classified, it's codeword, it's secret, that can only be talked about in a SCIF by people who've had their backgrounds investigated to the nth degree, out in the field is being talked about at 40 decibels in a saloon somewhere.

Chairman SPECTER. Well, let me come back to that. It's a fairly involved subject, which I do want to pursue with you. But I want to yield at this time to Senator Kerrey.

Vice Chairman KERREY. Thank you very much, Mr. Chairman.

Mr. Blum, the record should show I disagree with you on that point. I mean, there are people out there who are at considerable risk and if what you said was true, they wouldn't be alive. So I mean, just let the record show that I disagree with what you just said.

First, Mr. Blum, can you tell me, it seems to me that the subcommittee—and on that committee at the time, Senator John Kerry of Massachusetts, Brock Adams of Washington, Senator Moynihan of New York, on the ranking side. It was Senator McConnell of Kentucky and Senator Murkowski of Alaska. It seems to me that the recommendations—I want to give you an opportunity to talk about this—it seems to me the subcommittee was

successful in some areas. In other words, that there were some policy changes that occurred, both in law and on the administrative side, as a consequence of the subcommittee's work. Is that correct?

Mr. BLUM. I hope so.

Vice Chairman KERREY. Well——

Mr. BLUM. The answer is yes.

Vice Chairman KERREY. Can you——

Mr. BLUM. I think we did begin to change the public perception of the foreign policy issues. I think we did begin to get people to understand the dimension of the drug problem and refocus on the drug problem.

Vice Chairman KERREY. But there were very specific administrative recommendations and very specific legislative recommendations that were made. Do you know, Mr. Blum, how many of those administrative recommendations and how many of those legislative recommendations were either accepted by the Executive branch or enacted by the Legislative branch?

Mr. BLUM. I can't really tell you that. I left in 1989 and did not have all the follow through. I think some of them were considered. Maybe some of them were adopted. But I don't think they were all accepted readily. I think we had some changes, but they were not really very dramatic.

Vice Chairman KERREY. Well, would you be prepared to evaluate this, or perhaps I should just ask the Foreign Relations Committee to do it.

Mr. BLUM. I think that it would be more appropriate to ask them——

Vice Chairman KERREY. Because it seems to me that——

Mr. BLUM [continuing.] To evaluate them. I know we had some very strong——

Vice Chairman KERREY. It seems to me that on the——

Mr. BLUM [continuing]. Recommendations.

Vice Chairman KERREY. As I look through the list, and there's one, two, three, four, five, six, seven on the Administrative side, and one, two, three, four, five, six, seven, eight on the legislative side, as I look at the list, there are a number of them that I recognize immediately as being current U.S. policy. So it seems to me that it's likely to be the case that a number of these recommendations were made both by the Executive branch and by the Legislative branch in response to the subcommittee's work.

Mr. BLUM. I think that there were changes, and I think the hearings did have a positive impact.

Vice Chairman KERREY. Second, Mr. Blum, when you talked to me, you said that there was a systematic effort to discredit the work of the subcommittee, and you separately mentioned that there was a refusal by the Department of Justice to——was it justice?

Mr. BLUM. Justice.

Vice Chairman KERREY [continuing]. To provide you with information that you needed.

Mr. BLUM. Right.

Vice Chairman KERREY. Is that correct? Can you tell me, put a little more detail on what you mean by systematic?

Mr. BLUM. Some examples. We would want to talk——

Vice Chairman KERREY. No, no, no. Systematic to me means that there was an organized effort.

Mr. BLUM. Right.

Vice Chairman KERREY. Is that a correct statement?

Mr. BLUM. That's the proper way, and I—

Vice Chairman KERREY. How would you define systematic?

Mr. BLUM. An organized effort from the top.

Vice Chairman KERREY. Who was in charge of it?

Mr. BLUM. As best I could tell, it was coming from the top of the Criminal Division.

Vice Chairman KERREY. Who was at the top of the Criminal Division?

Mr. BLUM. Bill Weld.

Vice Chairman KERREY. When you say the effort was made, what would they do? Would they call—

Mr. BLUM. They would tell U.S. attorneys, systematically, you can't talk to them, don't give them paper, don't cooperate, don't let them have access to people who you have in your control. We had a very tough time finding things out.

Vice Chairman KERREY. Third, Mr. Blum, I don't want to get into a great deal of arguing about this, but I think it might be important, just from the standpoint of your evaluation of when, in a covert environment, U.S. personnel should say that we're going to provide this information to law enforcement in order to be able to—in order to be able to bring a conviction. It seems to me you're saying—

Mr. BLUM. This is one of the trickiest questions in the law enforcement/intelligence agency world. I should spend a minute to give you just a little bit of a flavor of why it's so devilish.

Vice Chairman KERREY. Well, I—actually, you needn't give me a minute because I could give you an hour as to what's devilish.

Mr. BLUM. OK.

Vice Chairman KERREY. I understand that it's devilish. What I'm—what's your view, Mr. Blum, of the Contra policy itself? Do you—did you support at the time the Contra policy? Did you believe it carried a high priority? That you thought it was good?

Mr. BLUM. I thought that next to other things that were going on in the hemisphere, the problem of a Sandinista government in Nicaragua was really at the low end of the scale.

Vice Chairman KERREY. But did you think the Contra effort—I understand that, but did you think the Contra effort was worthwhile? Did you support it publicly?

Mr. BLUM. I didn't think it was worthwhile. I didn't take any position on it publicly. I thought that it was a wrong—a wrong affair. But my business was to find out what was going on in the drug trade. We looked not only at the Contra problem, but we looked at drugs going through Cuba, drugs going through the Bahamas, and all of the different national security issues that were tangled up in those as well.

So—and we had bipartisan support. This was not a political effort to unstring the Contra war. It was a political effort to understand how it could have come to pass that we had tons of cocaine in Miami and people instead of trying to solve that problem, were telling law enforcement people to look in a different direction.

Vice Chairman KERREY. Can you imagine a scenario, Mr. Blum, under which you would say that the objective, the foreign policy objective was so important that it would in fact be a higher priority than the law enforcement effort?

Mr. BLUM. Here's my problem. I think that if people in the Government of the United States make a secret decision to sacrifice some portion of the American population, in the form of exposing them, let's say deliberately exposing them to drugs, that is a terrible decision that should never be made in secret.

Vice Chairman KERREY. Are you saying that—

[Applause.]

Mr. BLUM. Now, I want to be clear, I'm not saying here that was such a secret decision.

Vice Chairman KERREY. Well then, why did you make the statement, Mr. Blum?

Mr. BLUM. Let me explain that.

Vice Chairman KERREY. I mean, I appreciate—

Mr. BLUM. Let me explain—

Vice Chairman KERREY. Well, it drew a wonderful round of applause.

Mr. BLUM. Mr. Chairman, I'm not trying to draw a round of applause.

Vice Chairman KERREY. Well, Mr. Blum—

Mr. BLUM. I'm trying to explain to you—

Chairman SPECTER. Just a minute, Mr. Blum. Let Senator Kerrey finish his question.

Vice Chairman KERREY. I mean—

[A loud reaction from the audience.]

Vice Chairman KERREY. I mean you made a statement that was in the context of this overall discussion of what's going on with the CIA's efforts in the Contra policy. It seemed to leave the impression, at least, that U.S. policymakers consciously sacrificed a portion of the U.S. population.

[A loud reaction from the audience.]

Vice Chairman KERREY. Mr. Chairman, I will say to the Members, I support the Chairman when he says that this public hearing has to be conducted with some civility. The audience is welcome and invited here. But I will support the Chairman's decision to clear this room if we continue to get interruptions. It does not work for us. You've heard my opening statement. We're not trying to cover up anything.

[A loud reaction from the audience.]

Vice Chairman KERREY. Mr. Chairman—well—

Mr. BLUM. May I have an opportunity to respond?

Vice Chairman KERREY. Mr. Blum—

Chairman SPECTER. My judgment is that we ought to proceed. There is a lot of public interest in this matter. We want people to be present. We can't identify who's saying what. We're not going to get into any investigations. We just ask for your cooperation in allowing us to proceed with the questions without a response, to the extent that you can.

Mr. BLUM. I would like to try to answer that, as best I can. When people who are engaged in an operation say we're going to look the other way—we're not going to do anything, interfere in the law en-

forcement process to protect people who are running the operation, and in that process of interference permit drugs to flow in, you have an extraordinarily serious problem. Now, the DEA, when it has—

Vice Chairman KERREY. Mr. Blum, Mr. Blum, let me get you back to the question I asked.

Mr. BLUM. Yes, right.

Vice Chairman KERREY. I don't disagree with your statement. If you listened and the audience listened that keeps interrupting with their enthusiastic support of what you said earlier, I do think it is a terrible mistake to say that we're going to allow drug trafficking to destroy American citizens, as a consequence of believing that the Contra effort was a higher priority.

Mr. BLUM. Uh-huh.

Vice Chairman KERREY. I asked you a question. The question is this: Do you in your own mind have a situation—obviously, you were at best lukewarm to the Contra effort—do you see, in your own mind, risk to the people of this country that would carry with it a high enough priority that in that circumstance you believe that it would not be wise to bring the evidence out and pursue a prosecution in that case?

Mr. BLUM. In the rarest—

Vice Chairman KERREY. Let me give you an example. How about nuclear proliferation? How about—

Mr. BLUM. I can't—

Vice Chairman KERREY. How about a covert operation—

Mr. BLUM. The answer, Senator—

Vice Chairman KERREY [continuing]. That's designed to interrupt and to prevent the flow of chemical and biological agents into the United States. In that situation, Mr. Blum—

Mr. BLUM. Yeah.

Vice Chairman KERREY [continuing]. In that situation, Mr. Blum, what is your view if the people that are involved in that uncover evidence that might lead to a prosecution. Should they shut down the operation?

Mr. BLUM. I understand that. And there are—

Vice Chairman KERREY. Mr. Blum—

Mr. BLUM [continuing]. Circumstances where I would agree that you would shut down a prosecution. But you don't do it on—the question isn't is there a bright line and can we draw a bright line.

Vice Chairman KERREY. Right.

Mr. BLUM. There was a judgment call here. And that judgment call erred so far on the wrong side of where judgment should have been that we wound up with a terrible problem. That terrible problem was a *de facto* result that I was describing; that is, where many people did suffer as a consequence. I started to say, when DEA allows a controlled delivery of drugs, there is a furious debate. Those controlled deliveries are monitored because DEA says, our job is to prevent it from coming in. If it escapes on the street, for any reason, we've blown it. That kind of standard is really the kind of standard that should have, I think, been applied here. Maybe you can give me, and maybe we would both agree, that there is some dreadful circumstance where this should have occurred and been allowed to occur and so on, and I probably could be convinced

in the right set of circumstances. But the problem was that that issue wasn't put that way. The sensitivity to what was going on was simply missing.

Vice Chairman KERREY. Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Kerrey. Senator Robb.

Senator ROBB. Mr. Chairman, I think that I will defer any questioning at this point. I think the challenge to the committee has been sufficiently articulated. I think the sensitivity and volatility of the concerns are such that it would be appropriate to have the two inspectors general complete their work before, at least, as far as my own participation is concerned, it is—the matters that are under discussion are extremely serious. I think they deserve as factual an investigation as we can provide. I'm not sure that attempting to come to conclusions at this point would advance the cause that I know that the Chairman and the Vice Chairman seek in holding these particular hearings.

I would ask a procedural question, perhaps, to Mr. Blum. That is whether or not you believe that the authority of the Inspectors General is sufficient to provide the kind of answers and the kind of objectivity that your concerns have addressed to whatever conclusions this committee might draw from those reports?

Mr. BLUM. I think that the authority is sufficient as far as the behavior of people who are employees of a specific agency in question, the Justice Department or the CIA. The rest of the question, which is at the political level, at the NSC and the policy decisions taken, will undoubtedly wind up in that realm of executive privilege, and top secrecy. Therein lies the very great difficulty in expecting the Inspectors General to solve the problem.

I think we can find out whether CIA employees followed the rules. I don't think that the Inspector General can tell you all about what Ollie North did and didn't do, or what was going on in that circle of people and who they brought in and what they told people to do. We know enough now to know that many people played out of channels and did things out of channels, or didn't necessarily report them.

So I have a sense we can get a good part of the way. I'm not at all sure you can get all of the way.

Senator ROBB. Mr. Chairman, I think that I will persist in withholding at this point. I do have a couple of articles that I was going to use as the basis for questions that I would like to simply provide to those who are going to conduct the investigations to consider as a part of any other information they may bring to bear on their investigations. I will await formal completion of their activities.

I know that they haven't had an opportunity to speak formally yet. But some indication of when they believe that their reports would be available would be useful, at least to me, in terms of figuring out what kind of timeframe we're talking about, getting the kinds of facts that would hopefully address and perhaps put to rest some of the questions that have been raised.

Chairman SPECTER. Senator Robb, we will address that timeframe, what they expect to do.

Senator ROBB. Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator Robb.

Mr. Blum, just a few more questions. Coming back to the end point of my inquiries as to covert actions, and you gave the one illustration as to KLM, and I think it is obvious that there are covert activities which are known beyond the realm of secrecy. But your critique is very forceful. It may well be that the Congress ought to make some different conclusions as to covert activities. So that's why I was asking you the basis for your statement that there are too many covert activities. As a generalization, the covert activities are only known to the Oversight Committees. The covert activities are undertaken after a Finding by the President, so people in the Executive branch know, and we have some oversight. It is true that sometimes covert activities are disclosed in the public media, but it is a relatively rare occurrence, considering how many there are. So that's why I ask you the question, to what extent do you know of the covert activities to come to a judgment that there are too many, and they're too farfetched, too far gone.

Mr. BLUM. Maybe what I should be doing is paying much more careful attention to language. I understand that in defining a covert activity you have a very specific definition in mind.

The question may turn more on relationships and ongoing arrangements than specific Presidentially-authorized covert activities. So in the question of protecting our friends in different places, whether they'd been engaged in human rights violations or in drug trafficking violations, there may not be a covert activity as defined by law, as authorized by the President. But there may be ongoing relationships. This may be a definitional question. I may be saying something different than what you mean. I can't tell you, though, that I know. I don't want to deceive you. I don't know what has gone on in the Executive branch in secret. I have not been privy to the Findings, and I don't want to mislead you.

Chairman SPECTER. Well, it is a different matter as to whether there are human rights violations which are not being pursued. This committee has been very diligent in our pursuit, for example, of what goes on in Guatemala.

Mr. BLUM. And the committee is to be commended.

Chairman SPECTER. And behind closed doors.

I'm sorry, I didn't hear you.

Chairman SPECTER. And the committee is to be commended for it.

I wanted you to repeat that.

Mr. BLUM. That's quite all right.

[General laughter.]

Chairman SPECTER. You had made a comment about things that were taught to people that were hard to erase from their minds. One of them was to teach people how to assassinate other people. Do you have any evidentiary basis for a conclusion that the United States is seeking to assassinate someone, contrary to existing U.S. policy?

Mr. BLUM. Certainly not currently. But I refer you back to the Church Committee investigation.

Chairman SPECTER. Well, I'm familiar with that.

Mr. BLUM. Yes, I know you are.

Chairman SPECTER. That goes back to the 1970's.

Mr. BLUM. That's the historical base from which I'm talking. I'm not talking about currently. That was specifically prohibited, and that problem was addressed.

Chairman SPECTER. Mr. Blum, in the course of the report, which was filed by the Subcommittee on Terrorism, Narcotics and International Operations, what is the most explicit statement, if you can give it to us, on a finding that U.S. intelligence forces were permitting people working for them to engage in drug activities?

Mr. BLUM. I think I have to let the language of the report speak for itself, and I'll say why. That report went through so many editorial changes, that even after rereading it, I can't remember which version got to where. The report does speak for itself. The problem that we saw and we could definitely speak to, and I know the report speaks to it, is the problem of standing by when you knew that people were doing the drug—were in the drug business when you were an employee of the government.

Chairman SPECTER. Well, that's a very, very serious matter.

Mr. BLUM. A very tough problem.

Chairman SPECTER. A very serious matter.

Mr. BLUM. And we thought that would be addressed.

Chairman SPECTER. Are you suggesting that it was stated more explicitly but was cut out in the editorial process?

Mr. BLUM. No, I think we were pretty—I think it is there, that we believed that the government—that is, the CIA—was aware of this problem, was aware of trafficking by people. I think we said that. I don't think that that's something that was edited out. I don't—I'm not sure what you're referring to.

Chairman SPECTER. With respect to the question of what policymakers have done, do you have an evidentiary base for concluding that the policymakers were aware that the intelligence operatives were allowing drugs to be disseminated?

Mr. BLUM. Certainly in the case of General Noriega.

Chairman SPECTER. Beyond—

Mr. BLUM. There was no question about that.

Chairman SPECTER. Beyond General Noriega?

Mr. BLUM. My guess is—and it's a guess, but I think a very educated guess—that, in the case of Honduras, yes. In the case of Haiti, yes. They knew. They knew there was a problem.

Chairman SPECTER. How about with specific reference to the distribution of drugs, say, in Los Angeles?

Mr. BLUM. I don't think they were ever given the clean understanding of the full implications of what was going on.

Chairman SPECTER. The policymakers were not.

Mr. BLUM. That's right.

Chairman SPECTER. With respect to Colonel North—and there you raise very, very serious questions—and the Congress had said there'd be no more support for the Contras. I voted with the majority on that, opposed to supporting the Contras. There was a Select Committee which investigated that matter. The investigation was started by the Intelligence Committee when I was on it at an early stage. It was my hope that the Intelligence Committee would have pursued that. But a Select Committee took over. You had access to challenge the refusal of the Executive branch to turn over information to you. Let me tell you this, Mr. Blum, that's going on today.

Mr. BLUM. Right.

Chairman SPECTER. Senator Kerrey and I are fighting with many of the departments of the Executive branch about not disclosing materials to us. It is an extraordinarily laborious process. And I believe that started in George Washington's day. It didn't—it's been going on a long time. It is very frustrating and I think very damaging to the country that we do not have access to materials.

But the Select Committee, with Senator Inouye, an outstanding chairman, you had your own committee. You did not lack for political power to pursue the committee's investigation and to pursue in a judicial context to find out more about Colonel North. Why wasn't it done? Is there really something there that should have been done that wasn't done?

Mr. BLUM. We did try to do it. But the committee was for a one-term, 2-year mandate. The mandate of the committee expired at the point.

Chairman SPECTER. Did you seek a supplemental mandate?

Mr. BLUM. Senator Kerry did, and it was turned down.

Chairman SPECTER. Do you think the Select Committee was derelict in not pursuing North further?

Mr. BLUM. I think that North should have been pursued further, that the diaries should never have been accepted in an expurgated form, that they should never have remained classified to the degree they did. Some of the things that happened with the classification of those diaries was bizarre. Once when they were declassified in part by the Select Committee, some passages were declassified, others kept secret. Then, in the Freedom of Information suit, they were put through the classification process a second time, and the second time, some of the things that had been released before were classified, and some of the things that were secret before were made public. That undermined any confidence at all in the process that went on. You have two sets of those diaries with different classifications.

Chairman SPECTER. Senator Kerrey.

Vice Chairman KERREY. I have no final questions, Mr. Chairman.

Chairman SPECTER. Senator Robb.

Senator ROBB. I have no questions at this time, Mr. Chairman.

Chairman SPECTER. Well, thank you very much, Mr. Blum. We'd appreciate it if you have the time if you would stay because there may be some issues which will arise during the course of the testimony from Mr. Hitz and Mr. Bromwich which we'd like to have your information on.

Mr. BLUM. Certainly.

Chairman SPECTER. We now turn to Mr. Fred Hitz, who is the Inspector General for the Central Intelligence Agency. Welcome, Mr. Hitz. The floor is yours.

Mr. HITZ. Thank you, Mr. Chairman. I don't know—is this microphone on?

Chairman SPECTER. It is.

STATEMENT OF FREDERICK P. HITZ, INSPECTOR GENERAL, CENTRAL INTELLIGENCE AGENCY

Mr. HITZ. In the letter that you sent on October 18, inviting me to appear, you asked that within the—to the extent possible in an

open hearing, you would like to hear from me about the nature of the allegations, the scope of our investigation, and the results of any previous investigations or reviews conducted by the CIA that may be relevant.

Now you, sir, have sketched the allegations in the San Jose *Mercury*, and I don't think I need to repeat those at this time. But I will, if you would permit me, go through how we got involved in this, the direction from DCI Deutch.

Chairman SPECTER. That would be fine, Mr. Hitz. We would appreciate that.

Mr. HITZ. On September 3, after the appearance of the *Mercury* articles, DCI Deutch wrote to me that he had "no reason to believe that there is any substance to the allegations published in the *Mercury-News*." However, he requested that I initiate an immediate inquiry into the matter because of the seriousness of the allegations and the need to resolve definitively any questions in this area. At that time, DCI Deutch also requested that I submit a report to him within 60 days containing our findings and conclusions.

In 4 September letters to several Members of Congress, this committee and its counterpart in the House of Representatives, DCI Deutch explained this decision to request an Inspector General investigation. He also stated that a review of Agency files, "including a study conducted in 1988, and briefed to both the Intelligence Committees, supports the conclusion that the Agency neither participated in nor condoned drug trafficking by Contra forces."

Further, according to the DCI, the Agency never had any relationship with the two individuals alleged by the *Mercury-News* to have funneled drug trafficking profits to the Contras. Also, the DCI stated that the Agency had never sought to have information concerning these individuals withheld in a drug-related prosecution of a third individual as alleged in the *Mercury-News*.

We also, as an office, recognized the seriousness of these allegations, and accordingly, we reacted quickly to the DCI's request by organizing an initial team of three investigators, an auditor, a research assistant and a secretary to conduct a preliminary review of the scope and nature of the issues involved. That team developed, and I transmitted to all Agency components, a September 12, 1996 request for comprehensive searches of all Agency record systems regarding a broad range of relevant subjects. The request also called for the components to designate specific personnel who would be individually responsible for certifying to the thoroughness of those searches. We also published a bulletin to all Agency employees explaining the nature of our investigation and asking that they provide us with any relevant information in their possession.

The search request extended to any and all documents and information regardless of its form or sensitivity relating to: No. 1, any CIA connection with a number of specific individuals; No. 2, any possible drug trafficking and related activities by the Contras or associated persons; No. 3, what action CIA took in response to such information; and No. 4, any contacts with Federal, State, local or foreign law enforcement entities in regard to these individuals and activities.

Because of the DCI's request for a report within 60 days, we established a deadline of September 18 for the components to provide

our office with copies of all responsive documents and information. It has since become apparent that there is absolutely no chance we will be able to meet anything like a 60-day deadline. The size of the information base that must be thoroughly reviewed by the Agency components in order to respond to our request is enormous. For example, our team has reviewed over 5,000 cables that were identified in our preliminary and limited electronic search of the Agency's cable data base.

We have just received our first several hundred documents from the Directorate of Operations in response to our request, and have been advised that five thousand to ten thousand electronic records are in the final stages of review for relevance to our tasking, while over 350 boxes of files have been recalled from Agency archives and must be manually searched for responsive records. Additional searches are underway in the Directorates of Administration and Intelligence, the Offices of Congressional Affairs and the General Counsel, which have provided only very limited responses so far.

We have been told that a search of the same records base in the 1980's, at the request of the Iran-Contra independent counsel, took 2 years and the efforts of 50 to 60 agency personnel. We are not saying that our investigation will take 2 years. We're stating merely that we have a lot of ground to cover.

Chairman SPECTER. Mr. Hitz, what are you saying as to how long it will take?

Mr. HITZ. I understand, Mr. Chairman, that you're going to seek a precise answer to that question, and I—

Chairman SPECTER. No, no, I already have.

Mr. HITZ. I can't give you one. But let me just sketch a bit what we're about and perhaps we can return to that.

While we are attempting to tailor our requests as much as possible, the bulk of the information that is responsive to our request will not even be received by my office for at least 2 weeks. Thus, we remain in the preliminary stages of our investigation.

Soon, we will face the requirement to review, catalogue and digest substantial amounts of information in order to move into the interviewing phase. In anticipation of this requirement, we have assigned three additional investigators, an independent contractor and another research assistant to our team. Another auditor and two inspectors will be joining the team shortly as well.

Chairman SPECTER. Well, how many people do you have in total then working on it?

Mr. HITZ. We're going to have 6 plus 3 plus 2, so 11, at this time.

Chairman SPECTER. Is that enough?

Mr. HITZ. I'm not sure, sir. I'm not sure.

I think we always have the problem—and you've been through these investigations yourself—too many cooks spoil the broth, if you haven't got something for them to do initially. But we are prepared to put the resources on this matter that are required to do as expeditious a job as we can.

Chairman SPECTER. Well, Mr. Hitz, I just suggest—and you're an experienced investigator—that you have to make a determination as to how many people you need and get them at an early stage.

Mr. HITZ. Yes, sir.

Chairman SPECTER. It sounds to me as if you have quite a task ahead of you and that it ought to be done as promptly as possible, which is a customary phrase, but there's a lot of concern here, and there's a question about our deferring to you and to the Justice Department IG. If we're to do that, we have to have some pretty precise idea as to when it's going to be completed and the resources available to it .

Mr. HITZ. I appreciate your concern, Mr. Chairman, and I'm going to try to refine, if I can, our timeframe, but I can assure you that we will devote whatever resources can profitably be expended on this matter.

Chairman SPECTER. OK.

Mr. HITZ. And I'm also happy to report that we've had preliminary discussions and are looking forward to working closely with Mike Bromwich, the Justice Department Inspector General, who's here, and his staff, since it's obvious that there will be several areas where our investigative interests and jurisdiction will overlap and complement each other.

While we do not have much substantive insight at this point, I can describe what we have learned from the limited documentation provided to us thus far regarding the Agency's position when similar questions were raised in the late 1980's. We are not vouching for the accuracy of these statements at this point, but are describing for the committee their contents.

According to these records, in early 1987, the State Department requested that the Agency review all available information relating to the possible involvement of the Contras in drug trafficking. The January 21, 1987 paper that resulted was described as coordinated throughout the Intelligence Community and with DEA—the Drug Enforcement Administration. It began, and I'm quoting from that paper:

Review of information available to the intelligence community gives no indication that anti-Sandinista groups that have received or now are receiving support from the U.S. Government have engaged in drug trafficking to fund their operations. Some allegations of Contra involvement in drug trafficking have surfaced over the past few years. DEA and FBI officials, along with Intelligence Community leaders, however, say no credible information exists to support such allegations.

That's from the paper. The paper went on to discuss allegations which—

Vice Chairman KERREY. Mr. Hitz, you say in early 1987, and then the paper was produced January 21, 1987. That's pretty early as well. I mean, when was the request made? How much time did it take them to produce this report?

Mr. HITZ. I'm not sure.

[Aside] Do we know?

[Pause.]

Mr. HITZ. The initial request, Senator Kerrey, was January 9.

Vice Chairman KERREY. So, on January 9 State Department requests the agency to review all available information relating to the possible involvement of the Contras in drug traffic.

Mr. HITZ. Yes.

Vice Chairman KERREY. Twelve days later, a response is given. And you're telling us that you can't get your work done in 60 days? Or 50 days?

[General laughter.]

Vice Chairman KERREY. I mean, does that cause you to reach some conclusion about the report that was produced in 12 days?

Mr. HITZ. It might, sir. We are going to have to determine what documents they reviewed. I take your point.

The paper went on to discuss allegations regarding certain individuals that had been received and acted upon by the Agency. Just over a year later, on March 28, 1988, then Deputy DCI Robert Gates sent a memorandum to the Agency's Deputy Directors for Intelligence and for Operations asking for a briefing concerning "Contra involvement in narcotics-related activities, to include any pilots involved in the resupply effort who may have had past or current ties to narcotics-related activities."

He indicated in this memorandum that he wanted to be "fully informed" on the facts because so many questions and allegations were being raised about these subjects. The memorandum also suggested, that "there may be some merit in setting all of this down on paper for the record, perhaps to be provided to both the President's Intelligence Oversight Board and to the Oversight Committees of the Congress."

According to the memorandum, the briefing was to include specifics and comprehensiveness. This request appears to have produced at least two written responses. One is an undated and unsigned paper entitled, "Allegations of Resistance Activities in Narcotics Trafficking." It begins by stating, and I'm quoting from the paper:

All allegations implying that the CIA condoned, abetted, or participated in narcotics trafficking are absolutely false. The Agency constantly checks for any evidence of drug smuggling by Nicaraguan resistance members, and any person or entity found to be involved in such activity must be separated from the resistance. In addition, the Agency has consistently informed the Congressional Oversight Committees of any resistance drug activities in briefings and in written responses.

The paper then goes on—that's the end of my quote from the paper—the paper then goes on to describe a variety of allegations as to specific individuals and how the Agency responded to each.

The second apparent response is a March 31, 1988, memorandum to DDCI Gates entitled, "Pilots, Airplanes, and Shipping Companies Used in the Resupply Efforts That May Have Had Past or Current Ties to Narcotics Related Activities." This memorandum was prepared by the Central America Task Force which was responsible for managing the Agency's program in support of the Contras. It begins as follows, and I'm quoting again from the memorandum.

During the past several years there have been numerous allegations in the media that pilots and airline companies that the Agency has used in the resupply efforts of the democratic resistance have been involved in narcotics activities. To our knowledge, no pilot or crew members have engaged in illegal narcotics activities while working for the Agency. As per your instructions a year ago, and because of Agency concerns about drug activities, the Agency has been extremely careful to properly vet all pilots, mechanics and companies involved in transporting equipment for the Nicaragua program. The Agency runs internal traces on these individuals and companies, and, in addition, routinely queries DEA, FBI, and customs, and in some cases such as shipping companies, the U.S. Coast Guard. If no derogatory information is found a conditional approval is submitted. If some derogatory information is found or alleged, but the various agencies do not believe it would be a problem for the U.S. Government to have a contract with the individual or company, a special approval is required which is signed by the chief of the division.

That's the end of my quote from that memorandum.

This memorandum then discusses allegations regarding specific pilots and organizations and how they were handled by the Agency. While we are not yet in a position to vouch for these conclusions—we'll have to look at all the documentation that underlay them—these documents illustrate the Agency's view of the matter in 1987 and in 1988. Other studies may have been conducted by the Agency in the 1980's; however, we have not yet been able to find or review such other studies as might exist.

That, sir, is my effort to try to bring you up to speed on the reviews conducted by the CIA that we have been able to uncover so far without getting into the kind of vetting and examination that lay behind them to see if there's substance to it.

In closing, I would like to assure you, and the American public that my office will conduct as thorough a review as possible of all available information and will report what we find candidly and completely. Over the past 5 years I believe we have earned a reputation for independence and objectivity as a result of dealing in this fashion with other highly significant and controversial subjects. These have included the Aldrich Ames investigations, human rights abuses in Guatemala, the Paris Compromise, the BNL scandal, and many others that are not as well known outside our venue.

In many ways, and I want to underscore this, Mr. Chairman, and Senator Kerrey, Senator Robb, in many ways the recent allegations of CIA involvement in narcotics trafficking are the most controversial, politically charged and potentially damaging of any that we've looked at. While some may choose not to believe findings that do not correspond to their preconceptions, we will present the unvarnished truth as we find it. And we'll do so to the best of our abilities. We welcome the support of the Oversight Committees and believe it will be essential to the credibility of our findings and I thank you for your attention.

Chairman SPECTER. Thank you very much, Mr. Hitz.

Before turning to Mr. Bromwich, could you give us an estimate, a guesstimate, a ballpark figure as to how long it's going to take you?

Mr. HITZ. Well, I tried to sketch, Mr. Chairman, the enormity of the document review that we're going to have to undertake. I believe—

Chairman SPECTER. I think you've done that fairly well. Now, we'd like to know how long it's going to take.

Mr. HITZ. I would not like to give you a specific date, sir. I think it would just be premature at this time. But I give you my solemn assurance that we will expend the resources on it and this committee, I know, will verify that is the case, to move on this as thoroughly and as quickly as we can. It's our top priority, Dr. Deutch has made it clear that it's his top priority as well.

Chairman SPECTER. Mr. Hitz, I think we need more than that. Why don't you go back to the drawing board and take a look at the documents you have and take a look at the parameters and take a look at your resources and figure out what you can use and give us a projection as to how long it is going to take.

Mr. HITZ. I'll attempt to do that, Mr. Chairman.

Chairman SPECTER. We now turn to the Inspector General for the Department of Justice, Mr. Michael R. Bromwich.

Mr. Bromwich, thank you for coming and the floor is yours.

**STATEMENT OF MICHAEL R. BROMWICH, INSPECTOR
GENERAL, DEPARTMENT OF STATE**

Mr. BROMWICH. Thank you very much, Mr. Chairman, Senator Kerrey, Senator Robb. I have a brief opening statement that I would like to introduce for the record.

Chairman SPECTER. It will be admitted in full and you may proceed orally as you choose.

[The document referred to follows:]

Mr. BROMWICH. Thank you very much, Senator.

I do not want to talk about the issues that are discussed in my prepared testimony. Obviously, I invite any questions, that you may have. I want to sketch a little bit about how this committee and the American people can be assured that our inquiry will explore independently, fairly, objectively exactly what the Justice Department's involvement was in the allegations as first framed by the *San Jose Mercury*.

For better or for worse, Mr. Chairman, I'm not a stranger either to issues of narcotics distribution, nor to issues relating to Iran-Contra. I served for 4 years as a narcotics prosecutor in the U.S. attorney's office for the southern district of New York, first under John Martin, who is now a Federal judge, and for the bulk of my tenure under now Mayor Rudolph Guiliani. We did not in that office do street-level drug cases. We focused on high-level narcotics trafficking, both in cocaine and in heroin. The largest cases I tried, the last of which was in December 1986, focused specifically on large rings of people. The last case involved elements of Italian organized crime who were making deals with drug dealers down here in DC. Sales were ultimately made directly into the African-American community here in the District of Colombia.

I was in that office, Senator, responsible as deputy chief of narcotics, for supervising the work of from 20 to 22 lawyers who did nothing but focus on high-level narcotics trafficking cases. Shortly before I left the office in December 1986, I was named the chief of the narcotics unit by Mr. Giuliani.

I left that office, Senator, to work for the Iran-Contra Independent Counsel, Lawrence Walsh. I began my service with him in January 1987. I was one of the first seven lawyers hired by Judge Walsh. Let me just quickly sketch some of the things that I did while in that office that I think do bear at least some relevance to the inquiry that my agency is going to begin and that your body is going to be working on.

During the early phases of that investigation, a colleague of mine and I focused on allegations that there had been illegal fundraising on behalf of the Contras, and that in particular certain individuals, most notably Carl Channel and Richard Miller had worked together with Lieutenant Colonel North in soliciting wealthy American individuals to provide money, large contributions, to the Contras. There was a specific representation by Lieutenant Colonel North and his colleagues that in fact the Contras were in desperate need of weapons. They assigned particular dollar values to the

weapons and made very elaborate presentations to wealthy individuals. That's all a part of the public record, both with the House and Senate Select Committees as well as that of my office.

We early on secured guilty pleas both from Mr. Channel and Mr. Miller, who pled guilty to in fact misusing a tax-exempt foundation to solicit contributions for the Contras and specifically to buy weapons for the Contras.

I was, Mr. Chairman and Senators, responsible for coordinating the overall grand jury investigation during the first 2½ years of Iran-Contra. In approximately the fall of 1987, I headed a team of approximately seven lawyers and approximately the same number of FBI and other law enforcement agents, who were specifically looking at possible criminal misconduct on the part of employees of the Central Intelligence Agency, the Department of State, as well as private individuals who were involved in the resupply network. Out of that team, as I'm sure you recall, came the indictment of former Costa Rican station chief Joseph Fernandez. That case, as you know, was aborted subsequently, in the latter stages of 1989, because the Department of Justice, which, as you well know, was completely separate and independent from our work as the independent counsel, refused to release the documents and declassify the documents that our office needed in order to pursue that matter.

Chairman SPECTER. Were you dissatisfied with that?

Mr. BROMWICH. Very much so.

Chairman SPECTER. Now you have the power to get into the inside of that as the Inspector General of the Department of Justice?

Mr. BROMWICH. I do. Part of the problem obviously is going to be framing an inquiry that can be done in some reasonable period of time, and I really want to work with this committee in trying to determine what framing makes sense, so that—

Chairman SPECTER. We're going to come to that. But here you are, having been an adversary of the Department of Justice, and now you're the Inspector General of the Department of Justice. I'm not suggesting a conflict of interest, because you worked for the people of the United States on both occasions.

Mr. BROMWICH. I certainly do.

Chairman SPECTER. How will you be able to proceed on that mission?

Mr. BROMWICH. Well, I don't—that is currently not within the scope of our investigation. If this committee or others ask us to look directly into this, I will certainly do so. I have to be obviously very careful not to pursue an investigative agenda here that others may think may derive from trying to settle old scores, or probe into something that I have a particular, an individual interest in. I just throw that out. I'm happy to have further discussions with you and with Members of the committee about that.

Chairman SPECTER. Well, on the surface, it looks to me as if it's relevant. But I don't want to draw any final conclusions at this—I don't want to do it on horseback today.

Mr. BROMWICH. Thank you.

Senator from January 1989 through May 1989, I was one of the three courtroom lawyers for the United States of America in the prosecution of Lieutenant Colonel Oliver North. As you recall, some

of the newspapers I have seen recently suggest that that case ended in an acquittal. It did not. Lieutenant Colonel North was convicted of three felonies in that case. His conviction was only reversed subsequently by the court of appeals. I was in that office for 2½ years. I was—I've described in brief detail what my overall responsibilities were. I left that office in October 1989 and returned to the private practice of law, and did that for approximately 4 years. I was nominated in the late winter of 1994 and took office in June 1994 as the Inspector General of the Department of Justice.

I have not dealt with an issue since I've been Inspector General—and I've dealt with some very sensitive and very important ones—that has resonated so clearly, both with the Congress and with the American people. When I first became aware of these allegations in mid-September, I obviously wanted to examine what the allegations were. I reviewed the articles in the *San Jose Mercury*, and it seemed to me that there were enough troubling questions about the points of contact between individuals employed by different components of the Justice Department and the allegations that drew together the CIA and the Contras and the introduction of crack cocaine into South Central Los Angeles that I thought it was very important to launch an investigation. To clarify the record, I did so on my own, without being directed by anyone, either inside the department or outside the department.

Chairman SPECTER. We compliment you for that, Mr. Bromwich.

Mr. BROMWICH. Thank you.

Since that time, I have spent time, because I think it's important, dealing with the representatives of people in the affected communities to try to assure them that given my background and the reputation that my office has, that we will do our very best to try to get to the bottom of this, and to explore fully what the involvement, if any, of Department of Justice employees was with these allegations.

Indeed, the very day that I decided to open the investigation, I met with Congresswoman Waters, who's here today. I subsequently met with her again. She facilitated an introduction to me to Gary Webb, the author of the *San Jose Mercury* articles. I have talked with Mr. Webb on subsequent occasions.

I then proceeded to talk to other members on both sides of the aisle who clearly had an interest in this matter and having the investigation done properly and well. I met with your counterpart, Senator Specter, Mr. Combest, the chairman of HPSCI, the House Permanent Select Committee on Intelligence, as well as Mr. Dicks. I met with Julian Dixon, who is a senior Member of the House Permanent Select Committee on Intelligence, and whose district in California borders on South Central Los Angeles. I also met with Juanita Millender-McDonald, who is a Congressperson, as Ms. Waters is, from South Central Los Angeles. They made me even more aware than I already was of the importance of our investigation, and the fact that we were facing deep cynicism and distrust of the Federal Government and even with the Department of Justice.

I just returned last night, Senators, from what, for me, was an extraordinary trip to South Central Los Angeles. I was invited to do so by Congresswoman Millender-McDonald to meet with some

community leaders, so that they would have a chance to meet first-hand with the person who was going to be conducting one of the investigations that touches on these issues. I won't say that that trip was roundly endorsed by others in the department. It was an extraordinary trip. But I certainly felt a responsibility to go out there and do whatever I could—

Chairman SPECTER. You said it was not roundly endorsed by members of the department?

Mr. BROMWICH. No, it was not.

Chairman SPECTER. Was it opposed?

Mr. BROMWICH. I'd prefer not to talk about that in public session.

Chairman SPECTER. Well, you brought the subject up.

Mr. BROMWICH. OK. It was opposed by some.

While I was out in Los Angeles, I met with a number of people. I met with a group of approximately 30 to 35 community leaders. I met with the mayor of Los Angeles. I met with the membership of the county board of supervisors. I met with, yesterday, a group of from 12 to 15 clergymen from the South Central area who, I have been told, represented about 50,000 or so parishioners in South Central L.A.

What I tried to tell them is what I'm going to tell you and the American people here today, is that don't rush to any conclusions. What I ask is for people to keep an open mind and let us do our work. The facts and nothing but the facts will drive our investigation and its conclusions. I don't think anybody at this point is in a position to say whether those allegations are true or they are not true.

When I decided to open this investigation on September 20, I immediately put in place a team, and within a week, we had a very comprehensive documents request that went out to all components of the Department of Justice. We have already started to receive the products of that work, and it looks to be that the documents of the Justice Department that deal with Meneses and Blandon and Ross and others are, in fact, quite voluminous.

Right now, we have a team of 9 or 10 that are assigned to the matter, and I will pre-empt your question and tell you that that, in my judgment, will not be enough. I'm in the process of trying to get additional resources to supplement my team.

That really is all I want to say, at this point, Senator. I take this investigation and the responsibilities that it imposes on me and my office very seriously. I will only mention that I think the work that we have done in my office, since I took office, should establish that we are capable of calling the tough ones toughly, and as we see them.

We did, I think, the definitive review of allegations relating to the Good Old Boy Roundup, around which there were serious allegations of racial misconduct and other kinds of misconduct in a law enforcement-related gathering in southeastern Tennessee from 1980 to 1995. We told that whole story there and laid out that in fact some of the worst of the racial allegations were, in fact, true.

We recently completed a review of—

Chairman SPECTER. That was a Department of the Treasury matter, wasn't it, Alcohol, Tobacco and Firearms?

Mr. BROMWICH. Well, there were more Treasury Department employees who attended than Justice Department. But, early on, we had information that there were a number of Justice Department employees who attended as well. And I thought it was my responsibility to explore that, even though it wasn't given more publicity.

Chairman SPECTER. How did the Treasury Department do on that investigation?

Mr. BROMWICH. I think their investigation was a less complete one than ours. That's why I referred to ours as, I think, the definitive study.

Chairman SPECTER. They still haven't admitted to any failings in the Ruby Ridge matter. I don't know if they ever will. Right up to the secretary of the Treasury.

Mr. BROMWICH. Is that a question for me?

Chairman SPECTER. No, it's a statement.

My question was how they did on your investigation. I just wanted to see on one that you ran side-by-side with them.

Mr. BROMWICH. The other investigation that I would draw your attention to is one that we completed in June of this year, involving allegations that the congressional Task Force on Immigration Reform, led by Representative Gallegly of California, was deceived by high level officials within the Immigration and Naturalization Service, who conspired to create a Potemkin village, if you will, a false appearance, two facilities at the Krome Detention Facility and Miami International Airport. We found that, in fact, the deception had taken place and that high level officials in the INS were responsible for it.

We recommended in our report that 13 officials of the Immigration and Naturalization Service be disciplined to some extent, up through and including termination.

Those are just a couple of the special investigations that we've done. We also have going right now, investigations of the FBI lab, which I'm sure you're aware of, and other matters as well.

That's all that I would care to say in this statement. But I'm obviously—I'm all too happy to respond to any questions that you might have.

Chairman SPECTER. Thank you very much, Mr. Bromwich. We commend you for meeting with the community leaders. I think that is very important to let them know what you are doing, which is what we're trying to do today. To let them, as well as others, know what we are doing, what you are doing, and that the matter will be pursued. I'm glad to hear you have nine investigators. When you sent us over your statement yesterday, you say you had three attorneys, as well as additional investigators, both here and on the West Coast. Is that a total of nine, or is that nine attorneys or—

Mr. BROMWICH. Nine to ten. No, it's not nine attorneys. I don't have nine attorneys who are experienced in doing these kinds of investigations. What I—

Chairman SPECTER. Well, you say you do not have enough people.

Mr. BROMWICH. That's correct.

Chairman SPECTER. Have you determined what does constitute enough?

Mr. BROMWICH. I won't know until we see more of what the volume of documents are. But it is clear to me that I will not be able to suffice simply with the former prosecutors that I have on my staff. And, as I've done in some of our other investigations, both in the Round-Up investigation, the Miami INS investigation in the FBI labs, I will be seeking people from other parts of the Justice Department, hopefully very experienced people who have done complex investigations like that, to supplement my own team.

Chairman SPECTER. Well, how about the ultimate question? How long will it take you to complete your work?

Mr. BROMWICH. I am under oath in front of the House Judiciary Committee when I testified in September that I will never again become a prisoner of my own estimates. I did, under duress from Representative——

Chairman SPECTER. This is the Senate, Mr. Bromwich.

[General laughter.]

Mr. BROMWICH. I understand that. I understand that. I'm not going to give you a precise estimate. I will tell you that I will do everything that I can to do a comprehensive investigation that will leave as few questions on the Justice Department side of things unanswered, and will do it as fast as I possibly can. When I——

Chairman SPECTER. Now, Mr. Bromwich, do you have to be called before the Judiciary Committee to get an estimate?

Mr. BROMWICH. Pardon me? No, I'm going to give them the same answer, Senator. I think it's unfair to you, I think it's unfair to the public to give you an estimate that is based really on very little knowledge.

Chairman SPECTER. Well, permit me, permit me to disagree with you. I would like you to assess what you see the scope to be and what you see the need for personnel to be and to give us a projection of a timetable. I'm only jesting with you about Judiciary, which has oversight over the Department of Justice. We have some overlap in membership, including mine. But, just as I've asked Mr. Hitz to do that, I would ask you to do that. I think we need a timeframe. We need some mileposts and we need to have some congressional oversight as to where you're going.

Mr. BROMWICH. Senator, I'm——

Chairman SPECTER. I'm very unhappy—let me say this for the record today; I've already said it—with the Justice investigation of Ruby Ridge.

Mr. BROMWICH. I was not involved in that, Senator.

Chairman SPECTER. Oh, I know. I know you weren't. But it's your department. That investigation started in August 1995 only because the Senate undertook an investigation. There have been a lot of people who are hanging in the wind there. Just yesterday, an information was returned. I have pressed your department for an answer. And they won't give me one.

Mr. BROMWICH. I'm well aware of that matter, Senator.

Chairman SPECTER. As to what is going to be done. I don't think we can wait for 15 months and then begin to wonder when it's going to be done.

Mr. BROMWICH. I am happy to be in close touch with you, Senator, with Senator Kerrey, with Senator Robb, with everybody on the Judiciary Committees and the Intelligence Committees to let

you know how we are proceeding and what the scope of our investigation is. I think that is evolving, to some extent, as we sit here today. The estimate that I gave to Congressman Gallegly and other members of the task force, was that if everything went right—and nothing ever does, as you know, Senator—I thought we might be able to get it done in 3 months. It took us 11. All of them agreed that it was worth waiting for because we were blocked at various key points by the Immigration and Naturalization Service.

But I am not going to pin myself in to an estimate this early in an investigation. I don't think it's—I understand your interest in doing so. But I must tell you, Mr. Chairman, that I am extremely reluctant to do so, because I've had bad experiences with it in the recent past.

Chairman SPECTER. Well, it may be that your estimate of 3 months enabled you to get it done as early as 11 months. I understand. I understand your reluctance. I've had some experience in the matters myself. And I know it's hard to estimate. But this committee wants an estimate. If it turns out to be a guesstimate or a ballpark figure, we'd like to have some idea as to what you're going to be doing, your resources and your parameters as to—

Mr. BROMWICH. I'm happy to give unlimited amounts of information about that, Senator. I just don't want to be put into a number estimate at this point.

Chairman SPECTER. I'd like you to reconsider that.

When you say in your statement that you do not have jurisdiction over CIA employees, that raises a concern on my part as to whether you're going to have access to CIA employees. You don't have jurisdiction over the Los Angeles County Sheriff's Department or the California Bureau of Narcotics Enforcement. The *Mercury* story says that "agents from four organizations, DEA, U.S. Customs, Los Angeles County Sheriff's Department and the California Bureau of Narcotics Enforcement, have complained that investigations were hampered by the CIA or unnamed 'national security interests.'"

Now one of the questions I have for you and for Mr. Hitz is how are you going to deal with that? If it's going to be investigated by this committee, we have authority to go beyond your own department, although I'll tell you this, we've had some terrible results asking the Department of Defense to say anything to this committee. So we haven't done too well on that either, although we had moved for a subpoena on one matter. But how are you going to deal with these groups outside your jurisdiction? Do you really have the competency? Does Mr. Hitz have the competency to conduct this investigation? Or does it have to be done by a congressional committee?

Mr. BROMWICH. I think that we have the jurisdiction to get at a lot of it and to tell the whole story of what the Justice Department did and didn't do with respect to some of these matters, I fully expect to have to go outside the Justice Department, not only to the CIA, but to the other agencies that you've just mentioned.

Chairman SPECTER. Well, what do you mean—

Mr. BROMWICH. I can't compel them to provide the information, but I certainly have learned in my 2-year tenure on the job that a specific and public statement in a final report or elsewhere that

somebody has failed to cooperate with us is a powerful incentive to get people to cooperate with us and to give us access to witnesses and documents that we need to do our job.

Chairman SPECTER. Mr. Bromwich, I have to disagree with you about that. I don't think a statement in a final report that somebody's failed to cooperate with you is nearly forceful enough. You do not have subpoena power.

Mr. BROMWICH. We have administrative subpoena power. We do not have—

Chairman SPECTER. Within your department.

Mr. BROMWICH. No, we have administrative subpoena power more broadly than that, Senator.

Chairman SPECTER. Well, can you use that administrative subpoena power to go after the California Bureau of Narcotics Enforcement if they won't comply?

Mr. BROMWICH. If they will not voluntarily comply, I am fully prepared to use the administrative subpoena.

Chairman SPECTER. Do you have the authority, on your own, to issue those subpoenas?

Chairman SPECTER. Yes, I do.

Chairman SPECTER. How about you, Mr. Hitz?

Mr. HITZ. I don't have subpoena authority, Mr. Chairman. I share the same concern that you do, that when our investigation bumps up into other agencies, we're going to count on getting their full cooperation. You'll recall, Senator Specter, you were the father, one of the fathers of the inspector general provision.

Chairman SPECTER. I was the grandfather. Charles Battaglia, the staff director, was the father.

[General laughter.]

Mr. HITZ. Well, the parentage will still hold up, the point being that you have directed us in that statute to come back to this committee when we find that the lack of subpoena power or the lack of cooperation with any other entity makes it impossible to do our job. We will do that. But I think that between Mr. Bromwich and myself, we can cover an awful lot of ground, and I think we'll just have to keep this committee informed as to bumps in the road if we encounter them.

Chairman SPECTER. Well, perhaps we ought to consider—we do have continuing jurisdiction—as to whether we ought to be the vehicle for subpoenas.

Mr. Bromwich, who enforces your administrative subpoena?

Mr. BROMWICH. We do. My office has its own office of general counsel that—

Chairman SPECTER. How do you do that? Do you go to court to get an order to enforce your subpoena?

Mr. BROMWICH. We do.

Chairman SPECTER. The attorney general has no say over what you do?

Mr. BROMWICH. That's correct.

Chairman SPECTER. Well, OK, you've made some strong statements about your subpoena power.

Mr. BROMWICH. I have.

Chairman SPECTER. You're going to—

Mr. BROMWICH. If we are making wishes for what we would like to have, I think the fact that I don't have testimonial subpoena power severely restricts the ability that I have to get—

Chairman SPECTER. Well, what is the scope then of what you describe as administrative subpoena power?

Mr. BROMWICH. For documents and things—duces tecum—the equivalent of either trial subpoenas duces tecum or grand jury subpoenas duces tecum—

Chairman SPECTER. Well, that's very—

Mr. BROMWICH. Documents and things.

Chairman SPECTER [continuing]. That's very limited if you can't subpoena witnesses.

Mr. BROMWICH. It certainly is, and I have, for a long time, thought it was very important just for an inquiry such as this that we have testimonial subpoena power. We don't.

Chairman SPECTER. Well, I'm very concerned about the tools that you have at your disposal to move interagency and to move beyond the Federal Government to State agencies or local agencies.

Senator Kerrey.

Vice Chairman KERREY. Well, Mr. Chairman, following on that line, I mean, I had a whole series of questions that addressed the difficulty that both of you are going to face, and to say that one of the problems that may be here that we're going to have a bar that's much too high, that you're never going to be able to satisfy. In other words, you say, Mr. Hitz, produce your report, let's say you get it done in 50 days. You produce your report, but the constraints on the Inspector General for the CIA are considerable. I mean, you will have national security concerns. You've got to produce a declassified document.

Mr. HITZ. That's correct, sir.

Vice Chairman KERREY. The suspicions are going to be rather substantial that the declassified document left out information that could have been damaging to the CIA. The perception of lack of independence is going to be there, my guess is. My guess is it's going to be difficult to produce—I mean we just spent I don't know how many—how many months with a special committee of the Senate looking at Whitewater, a special committee of the House looking at Travelgate. Nobody died in those deals. You know, it seems to me—and both Senator Robb and I participated in one on the POW/MIA issue when it became—Senator Kerry chaired it as well, Senator John Kerry—where the evidence was that perhaps the Government of the United States had not done all that they should have. I mean—I'm just—I'd like your opinion as to whether or not, given your understanding of what's going on in the public and their attitude towards the CIA, whether or not we're asking the inspector generals of the Department of Justice and the Central Intelligence Agency to do something that they, in fact, are not going to be able to do satisfactorily.

Mr. HITZ. Well, I think, Senator Kerrey, you're quite right to point out the fact that we can take the horse to water, but we can't force him to drink. If we produce a report that doesn't meet this high bar that you speak of, we're going to get second-guessed. But my suggestion would be, on the key matter that you just raised, for example, about declassification of materials. Now you've got Direc-

tor Deutch's firm assurance that he's going to push that as hard as he can. He has nothing to defend here. It wasn't on his watch. He wants to get to the bottom of it. I intend to hold him to it and I know you do, too—on the declassification matter.

Second, as to whether or not we'll get the whole story, I would suppose that at the end of the day, you will look at what we come up with and, if you determine that it is wanting, you will jump in and finish the job. I basically feel that we ought to be given a chance to find out what went on. I perhaps have—I have enough to do just to look at the records that were generated in CIA as a consequence of the Kerry examination, as a consequence of Iran/Contra, as a consequence of our own looksees before I start thinking about the Department of Defense or some other outfit that might not—that might be involved.

Vice Chairman KERREY. I guess I mean, what I'm wondering is whether or not it would be advisable for you to produce—both of you—an interim report, that would not be final. Lord knows, we're basically asking to get back and give us some idea of how long it's going to take you to do your work, and likewise with you, Mr. Hitz, are you qualified, do you think, to make an evaluation as to whether or not the IG itself is going to be able to satisfactorily complete this investigation? You know, given that one of the things we're trying to do is both not only get to the bottom of it, but do it in such a fashion that in a non-emotional way, people look at the facts, and reach the conclusion based upon what the facts say.

Mr. HITZ. All we can do, Senator, is our best.

Vice Chairman KERREY. Well, I understand that, but I may redirect the question, restate the question, I guess. I don't want to redirect it. You redirected it, I think. But it are you qualified to make a judgment or do you feel any constraint to make a judgment to us that would include the possibility of your saying—this is just—you know, the IG cannot—cannot do what you're asking us to do. You're asking us to do something that we may not be able to, in fact, complete.

Mr. HITZ. Well, let's take a for-instance, because I think this is a very sound question. Let's take a for-instance that after we finish our document review, we seek to interview individuals who may or have been alleged to have been involved in this from a period that we've already stated takes us back into the 1980's. They may not wish to speak to us. At that point, it seems to us that we have—that we will have to come forward and tell this committee, tell the director, that that is the case.

Vice Chairman KERREY. Well—

Mr. HITZ. That's a clear potential limitation, which we hope we would be able to overcome through suasion, but we, as I say, don't have subpoena power, and it may not be possible.

Vice Chairman KERREY. Well, again, what I'm asking you both, Mr. Bromwich and you, Mr. Hitz, is are you liberated to reach a conclusion that the IG may not be able to satisfactorily do this investigation? Whether it's because of personnel or because of other restrictions that may be upon you? And you know what yours are. I mean, the Chairman and I have been struggling trying to get documents declassified so we could get them out in public and, to put it mildly, not a very satisfactory process. It leaves hanging out

there questions. Instead of answering questions, it ends up provoking more. And I—I mean, very direct again, I would be very much grateful for a yes or no answer—do you feel like in your arsenal of words that you have the word, no, I can't do this? This is a—you've asked me to do something, Mr. Director, and let me just get right back to you, Mr. Director Deutch, and say I just went up and appeared before the Senate Select Committee on Intelligence and listened to what Chairman Specter was asking me, and the questions that he asked and the answers that I'm giving him, and I'm telling you, I don't think we can do this. I think this is going to lead to the production of a report that provoke more questions than it answers. Yes or no, do you feel liberated to be able to say we've taken a look at this thing and we can't do it? We should not—this is not something—perhaps the IG can be supportive of another evaluation, another investigation. Understand what's going on here, the public's going to say it's the IG report that we're looking at. Whatever the IG—you are doing the investigation of this entire matter. Both of you are. I look to you again for an answer, directly. Are you prepared, if you reach the conclusion, if either one of you, and I'd appreciate an answer from both of you—if you reach the conclusion that this effort is outside the scope of what the IG can do, are you prepared to say to your bosses that a different process needs to be set in place?

Mr. BROMWICH. Let me answer that, Senator Kerrey. I want to remind you that no question was put to me and no direction was given to me. It was my decision, independently, to examine these allegations. I only did so at the time because I believed we could do a credible job, credible, comprehensive, and independent job, of examining these allegations.

Now, the scope of this investigation, obviously, is changing. I'm a little worried that it's going to become an amoeba and it's going to take entirely too much time, that it's not fair to ask this committee or the people to wait. But, I will tell you—

Chairman SPECTER. An amoeba or an octopus?

Mr. BROMWICH. Either, Senator. Either. But, I was confident and am confident that, at least on the Justice Department side, we will be able to explore many, if not all, of the questions that have been raised with respect to the allegations as first framed by the *Mercury*—

Vice Chairman KERREY. Mr. Bromwich, you have independently reached the conclusion that an IG evaluation of this is necessary.

Mr. BROMWICH. Yes, sir.

Vice Chairman KERREY. If you reached the conclusion that an IG evaluation of this would be insufficient, are you prepared then to say to the Attorney General of the United States of America, that we have a situation here where the IG's not going to be able to do this work? And likewise to Mr. Hitz. If you reached a conclusion that this work is going to fall outside the scope of the IG's office, are you prepared to say to Director Deutch, Mr. Director, I can't do this work?

Mr. BROMWICH. Yes, I'm prepared to do so, and I would obviously tell this committee that at the same time.

Mr. HITZ. I'm prepared to do so as well.

Chairman SPECTER. Thank you Senator Kerrey.

Senator Robb.

Senator ROBB. Thank you, Mr Chairman.

The essential questions that concerned me earlier have been answered. But, let me ask just one question that might refine it in terms of how we proceed from this point forward. Are you confident in proceeding with the tools that are available to you at the moment, which include the lack of subpoena power in CIA context, and the lack of anything but administrative or *duces tecum* subpoena power for the Justice Department, that if you proceeded and ran into obstacles that you could not overcome, that by proceeding now without requesting additional tools at the outset, that you would prejudice any result or activities that might be required to be taken down the line? In other words, do you incur any risk by proceeding with the tools that are now at your disposal?

Mr. BROMWICH. I have some measure of confidence in the tools that I have at my disposal. I'm certainly prepared to recognize limits on them. I believe that given the assessment that I have now, the tools that we do have versus the risks of going forward and when I ultimately may conclude that we can't go far enough, I think the risk is relatively small, and I think the public interest is permitting me and Mr. Hitz separately to go forward.

Senator ROBB. Mr. Hitz.

Mr. HITZ. I think, Senator Robb, that I can get the tools that I need to do it. I can assure this committee and assure you personally that if I don't, you will know about it. I don't think the point that you raised by not being able to foretell all that we'll need at the present time, is prejudicial as far as I can see. I mean, we have—for example, we can't reach former employees. The classification power belongs to the Director of Central Intelligence, not to us. But with respect to that, Director Deutch has made it clear that he wants to declassify this. He wants a public record on this as much as he can and we're going to hold him to it. You'll know if he—he will be the first to tell you if he's got a problem.

Senator ROBB. Thank you.

Mr. Chairman, I would suggest that perhaps—and this is consistent with your request for a finite or a specific time line—that some regular interim reports about progress to the committee, not as extensive as the full interim report by any means, but simply an indication of progress and the availability or lack of availability of necessary tools or resources to continue the project in accordance with the time line that is—has been generally agreed to, *i.e.* to proceed as rapidly as possible to come to a factual conclusion would be appropriate.

I have no further questions.

Chairman SPECTER. Thank you very much, Senator Robb.

I think we do have to maintain continuing oversight as to what is going on here. One of the options of the committee is to run the investigation ourselves and that is a difficult thing to do for a lot of reasons. But I have grave reservations, as we've expressed them, and Senator Kerrey has and Senator Robb raises the question about how we're going to do it, as to whether you have sufficient authority. The brutal fact of life is that even when Congress, when committees ask the Executive branch to disclose materials it is very, very difficult—somewhere between very, very difficult to im-

possible to get them disclosed in a timely manner. Mr. Blum has testified about that and I could tell you war stories about it which support it. We have a matter here which is very, very important, and a lot of public concern—justified public concern—and it is a part of the overall skepticism about what goes on in government.

In this room we had last year the hearings of the militia, brought the militia in to find out what was troubling America to lead to the growth of millions of people in the militias. We've had the instances in Guatemala which this committee has gone into. We talked about the Ruby Ridge hearings. It is really important that the American people have confidence in what is being done by way of oversight, and that is a job for Congress, a job for Members to do and exercise the maximum leverage. We have some tools that you don't have. We have the power to hold up confirmations. We also have the power to hold up appropriations. We look for comity within the Executive branch and the Legislative branch, and very often we do not get it. There are quite a number of matters just like that on my mind at this moment.

So we would press you, both Mr. Hitz and Mr. Bromwich, to go back to the drawing boards and define the scope of your inquiry, analyze your resources, and come back to us with a game plan. We will have to participate in the game plan. We obviously have the authority to proceed with our own hearings, both in closed session and in open session.

But I think this has been a very useful proceeding in summarizing to some extent what we now know, and to give as positive assurance as we can to people in this room and people who are looking at what is going on here, that we are determined to get to the bottom of it, and we will.

That concludes our hearing. Thank you all very much.
[Thereupon, at 2:01 p.m., the hearing was concluded.]

ALLEGATIONS OF A CIA CONNECTION TO CRACK COCAINE EPIDEMIC

TUESDAY, NOVEMBER 26, 1996

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Select Committee met, pursuant to notice, at 10:03 a.m., in room SH-216, Hart Senate Office Building, the Honorable Arlen Specter (Chairman of the committee) presiding.

Present: Senators Specter and Shelby.

Also Participating: Congresswoman Maxine Waters.

Also Present: Charles Battaglia, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Kathleen McGhee, Chief Clerk.

Chairman SPECTER. The committee will now proceed.

Mr. Calero and Mr. Pastora, we appreciate your being with us. If you could take your chairs.

The hearing of the Senate Select Committee on Intelligence will proceed on our inquiry into the allegations of possible connections with the CIA on the sale of narcotics in West Los Angeles, on the allegation of use of funds to support the Contras in the Nicaraguan war. These hearings have been prompted by a series of articles which recently appeared in the San Jose *Mercury News* of these allegations, and the committee thought it was important to pursue these matters to determine whether there was any substance to them.

We proceeded on October 23 with testimony from the Inspectors General of the CIA and the Department of Justice. Also Mr. Jack Blum, who was counsel for a Senate subcommittee which made a similar inquiry in the late 1980's.

The San Jose *Mercury News* identified a number of individuals as being involved in the drug trade and of having possible connections with the CIA. We have proceeded to try to determine what the evidence is and what the facts are.

Mr. Norwin Meneses, who was a key figure mentioned in the series of articles, is in a jail in Nicaragua on drug convictions, and to this moment has declined to cooperate with the committee. Another individual, Rick Ross, has recently been sentenced, had been in detention in a San Diego jail, and we are making efforts to contact him. The committee, yesterday, in closed session, took testimony from Mr. Blandon, for about an hour-and-a-half—Senator DeWine and I did. We are seeking the testimony of certain key members from the CIA—Alan Fiers and Dwayne Dewey Clarridge, which we have not yet been able to obtain.

Our committee is proceeding, although there are independent inquiries being undertaken by the Inspectors General of the CIA and the Department of Justice. We may yet have Mr. Bandon testify in an open session, but for the time being, we proceeded to take his testimony in a closed session at his request. For purposes of the record, I will summarize what Mr. Bandon testified to.

He described how he met Norwin Meneses in California in late 1981, became involved in drug trafficking—as he put it—out of a desire to earn money for the Contras. Mr. Bandon testified that he was active at the time in local efforts to secure support for the Nicaraguan resistance. These efforts included organizing fund-raising parties and political rallies. According to Mr. Bandon, he accepted Meneses' proposition to sell cocaine in Los Angeles because he wanted to make more money for the Contras. Mr. Bandon told the committee that he had a difficult time breaking into the market because he had no previous experience selling cocaine. He testified that prior to late 1982 or 1983, he sent the profits from the drug sales, less his own expenses, to Mr. Meneses, who according to Mr. Bandon, was providing assistance to the Contras.

Mr. Bandon testified that when he severed his ties with Mr. Meneses in late 1982 or 1983, he owned Mr. Meneses \$100,000. At this Bandon, for about an hour-and-a-half—Senator DeWine and I did. We are seeking the testimony of certain key members from the CIA—Alan Fiers and Dwayne Dewey Clarridge, which we have not yet been able to obtain.

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Mr. Bandon testified that when he severed his ties with Mr. Meneses in late 1982 or 1983, he owed Mr. Meneses \$100,000. At this point, Mr. Bandon testified that he went into business for himself. His association with the Contra support group in California ceased and, according to his testimony, none of the proceeds from his sale of cocaine went to the funding of the Contras.

It was at this time that Bandon began selling cocaine, as he put it, to Freeway Ricky Ross. Mr. Bandon stated that he did not share profits from his cocaine sale to Ross with the Contras. It was

for this narcotics trafficking that Mr. Bandon was arrested and convicted and spent 28 months in jail.

The one exception to Mr. Bandon's discontinuation of support for the Contras was his meeting in 1994 with Eden Pastora, military commander of the Contra's southern front, where he gave Mr. Pastora \$6,000 and the use of a home in Costa Rica, at least according to the testimony of Mr. Bandon. The total amount of funds which he channeled to the Contras, according to his testimony, was between \$60,000 and \$65,000.

In response to direct questions from the committee, Mr. Bandon stated that he had never had any contact with the CIA, and that the CIA was not involved in his drug trafficking business in any way. He also testified that the Contra organization officials with whom he met, such as Enrique Bermudez and Eden Pastora had no knowledge of his involvement in drug trafficking, and that he never discussed with them the idea of selling cocaine as a way to make money for the Contras.

This morning, we are going to continue our testimony and hear from the witnesses. Mr. Calero is a businessman, who was recently elected to the Nicaraguan parliament. In 1983, Mr. Calero became a member of the directorate of the Nicaraguan Democratic Force, FDN, and soon became its president and commander-in-chief. Prior to his joining the Nicaraguan resistance, Mr. Calero worked openly against the regime of the former Nicaraguan President Somoza, and was jailed by the Somoza regime in 1978.

Mr. Eden Pastora, also know as Commander Zero, was the Sandinistas' most popular hero and a senior official of their government until he distanced himself from them in 1981. In 1982, he publicly announced his opposition to the Sandinista regime. In 1983, he took up arms against the Sandinistas and became the pre-eminent leader of the Nicaraguan resistance, the so-called Southern Front. After leaving the resistance, he operated a fishing cooperative in Costa Rica, returning to Nicaragua, where he was a candidate for mayor in this fall's national elections.

I'd like to yield now to my distinguished colleague, Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

Mr. Chairman, I want to commend you, as the Chairman of the Intelligence Committee, for convening this hearing and also making it a public hearing. There are so many hearings that we cannot make public, but this is—this is a serious effort, I believe, on your part to get to the truth on some serious, very serious, allegations in dealing with crack cocaine and a CIA connection, if any.

I look forward to hearing these distinguished witnesses here today and other testimony as we pursue this interest on behalf of not only our committee, but the American people.

Chairman SPECTER. Well, thank you very much, Senator Shelby.

To the maximum extent possible, whatever the committee does on this subject will be done publicly. There is a great deal of public concern about these allegations and conducting these hearings, as I said at the October 23d hearing, we do not subscribe to or in any way support what the San Jose *Mercury News* has said, nor do we disagree with anything that they have said. Our job is to make an impartial determination as to what the facts are.

Mr. Pastora and Mr. Calero, would you please stand so I can administer the oath to you?

Raise your right hands.

Do you solemnly swear that the testimony that you will give before the Senate Select Committee on Intelligence will be the truth, the whole truth and nothing but the truth, to the best of your knowledge, information, and belief?

Mr. PASTORA. I will.

Chairman SPECTER. Mr. Calero, we will begin with your testimony. Would you tell us where you were born, raised, your early education, and your early activities?

STATEMENT OF ADOLFO CALERO, FORMER PRESIDENT AND COMMANDER IN CHIEF, NICARAGUAN DEMOCRATIC FORCE (FDN)

Mr. CALERO. I was born in Managua, Nicaragua, December 22, 1931, into a family steeped in the Judeo-Christian tradition. Highly reputed, well-known. My initial education was at home—my grandparents, my own home. Then I went on to the Christian Brothers School for grammar school. Then on to Holy Cross High School, New Orleans, where I finished in 1949. I was there from 1945 to 1949.

Then I entered the University of Notre Dame in 1949, graduated in 1953, and Lou Holtz said last Saturday—his farewell address—that the best thing that could have happened, or happened to him had been that he had—he's had his children graduate from Notre Dame. He spoke of Notre Dame's morals, principles and purpose, which is something I carry with me very dearly.

I worked in Nicaragua for—in Central America for the first 5 years after graduation, then I joined with an American company, W.R. Grace. Peter Grace was the chairman of it. Then I joined the Coca-Cola bottling company. I was hired as general manager and I was in that position for 24 years, until I decided in December 1982 that life in Nicaragua was impossible, that my duty was to see how we could liberate Nicaragua. That's—immediately after I left I joined the—what it was called the FDN, Nicaraguan Democratic Force, which was dedicated to the ousting of the Sandinistas, which were trying to change Nicaragua, trying to deny our nationality in the sense that they did everything against our culture, our religion, our way of being. So I joined the—what was called the Contras. I was with the FDN throughout—that operated in northern Nicaragua—throughout until 1989, I would say.

Chairman SPECTER. How long did the active fighting go on, Mr. Calero?

Mr. CALERO. Well, the active fighting began before I joined. The first actual impressive action was one in March 1982, I was still in Nicaragua. And—

Chairman SPECTER. Were you involved in that fighting?

Mr. CALERO. No, no. I was connected with these people. I had contacts with them.

Chairman SPECTER. When you say connected, what do you mean by that?

Mr. CALERO. That I used to come to Miami and visit with those that belong to the organization that were in it and exchange views.

They were trying to convince me to join. I traveled to Honduras to see what was going on what they had, who were the—who were heading the organization, what kind of people they were. I did all this to see if I—I went to Costa Rica, too, where I remember having a meeting with Eden Pastora, and—

Chairman SPECTER. When was that meeting?

Mr. CALERO. In 1982.

Chairman SPECTER. And where was the meeting?

Mr. CALERO. In San Jose. And the—

Chairman SPECTER. The purpose of the meeting?

Mr. CALERO. The purpose of the meeting was to—I was—I had decided to go and fight, that I have no alternative but to go and fight the Sandinistas, and to fight them in the only way that they could understand or they would allow. So my trip to Costa Rica, my trip to Honduras was to see where I was—where I could be of better service to my country. So after visiting both places, I decided that I could be of better service in the north, and that's where I joined.

Chairman SPECTER. Precisely what did your efforts involve in the aid of the Contra effort?

Mr. CALERO. Well, they needed expertise. They needed people who had an education, who had a reputation, who could be trusted, and I seemed to have combined those qualifications that they needed, and so I joined what was called the directorate, which was a seven-person directorate, and then—that was in January 1983. In October 1983, it was decided that there needed to be one person in command, one president and as happens in democratic countries, this president will be commander in chief of the armed forces, and I was elected by my peers to be such a person. And that's why—

Chairman SPECTER. So you became the commander in chief of the Contra forces in October 1983?

Mr. CALERO. Yes. Of the FDN, the Nicaraguan Democratic Force, in October 1983.

Chairman SPECTER. Did you have any battlefield activities in connection with that position?

Mr. CALERO. No, sir. My activity was practically a political activity, organization, authority, and I—

Chairman SPECTER. You had responsibilities to raise money for the FDN?

Mr. CALERO. Well, when I first joined, we did not need to raise any money and there were no efforts made to raise any money because we were being financed by the U.S. Government by congressional—with congressional approval. I think there was a \$14 million initial output.

Chairman SPECTER. Was the financing which you got from the U.S. Government adequate? Did you have enough money?

Mr. CALERO. It was never adequate. It was never constant. It was an on and off situation. It was pretty unreliable, I would say.

Chairman SPECTER. Well, I ask that from the point of view of whether you made any efforts to raise any money other than from the official sources from the U.S. Government.

Mr. CALERO. No. At that time, no.

Chairman SPECTER. Did you at any other time?

Mr. CALERO. When we were cutoff and it seemed that it would be a while before we could get U.S. financing again, then we started thinking about raising money, and—

Chairman SPECTER. Did you do more than think about it? Did you actually try to raise more money?

Mr. CALERO. We were very fortunate to have had considerable contribution from—I later learned from Saudi Arabia, that gave us \$30 million.

Chairman SPECTER. When did Saudi Arabia give you the \$30 million?

Mr. CALERO. Oh, I believe it was in 1984—in 1984.

Chairman SPECTER. And you did not learn about it at that time?

Mr. CALERO. Well, I learned about the \$30 million because I was asked to provide a bank account where it could be deposited. I had a Nicaraguan friend who was a lawyer who had been a banker and he handled all the financial matters. On the other hand, we started to contact people here in Washington who could help us out in raising money. And if I remember correctly, there was a man by the name of Carl Spitz Channel who handled the money raising activities. Carl Channel and then some other fellows, whom I don't remember. Then there was an organized effort where we contacted the people like Mrs. Helen Garwood from Texas, a rich lady from Texas. Mr. Joe Coors, and a few other people who donated money for specific purposes. For instance, the money—

Chairman SPECTER. How much money, if you recollect, did they donate?

Mr. CALERO. Well, I did not handle that money. I believe that Channel raised, through mailings, raised about a million—two hundred million four hundred thousand dollars that we got. I don't know how much he raised exactly. Then Mrs. Garwood donated the money for a helicopter, that I don't remember who bought it, but the thing is that we got it down there. Mr. Coors donated for a STOL airplane, that is, a short take off and landing plane that we needed to rescue the wounded and for special missions.

Chairman SPECTER. You testified about this \$30 million from Saudi Arabia, you said you didn't know that it was from Saudi Arabia at the time.

Mr. CALERO. No; no, no.

Chairman SPECTER. How is it that you can get such a large sum of money and not know the source?

Mr. CALERO. Well, because I heard—to begin with, the one who notified me about it was Colonel North, Oliver North, that I was going to get the money. So right then and there I knew that it was something that was an official—how would they say—an official request. Then I later learned—

Chairman SPECTER. Colonel North told you about the \$30 million?

Mr. CALERO. He said that we were going to receive an amount of money from a friendly government.

Chairman SPECTER. But he didn't tell you which government?

And you didn't ask him?

Mr. CALERO. No, I didn't ask him. No, no.

Chairman SPECTER. Why not?

Mr. CALERO. Why not? Because—

Chairman SPECTER. No curiosity on your part about who was giving you \$30 million?

Mr. CALERO. I have no curiosity—no. I suspected that it could be some country. I suspect it could be—it could have been Taiwan, it could have been Saudi Arabia, it could have been Kuwait.

Chairman SPECTER. But you didn't ask.

Mr. CALERO. But I didn't ask, no.

Chairman SPECTER. When did you find out that it was Saudi Arabia?

Mr. CALERO. Oh, it came out in the papers or——

Chairman SPECTER. You didn't hear about it officially or from Colonel North?

Mr. CALERO. Not that I remember. I mean, I don't remember at which moment I learned it was Saudi Arabia. Yes.

Chairman SPECTER. In connection with your duties as commander in chief did you have contacts with the CIA, Central Intelligence Agency?

Mr. CALERO. Oh, yes. They began in—but right at the beginning I did have contact with the CIA. I remember that.

Chairman SPECTER. What was your initial contact with the CIA?

Mr. CALERO. On this matter?

Chairman SPECTER. On any matter.

Mr. CALERO. On any matter?

Chairman SPECTER. On any matter relating to your duties as commander in chief of the Contras.

Mr. CALERO. On this matter specifically, because I knew CIA people from before. I mean——

Chairman SPECTER. I'm talking about your contact with the CIA on financing of the Contras effort in the Nicaraguan War.

Mr. CALERO. Well, the CIA would never talk about financing because they were never—I mean, they—the only money that they—they did handle the money that was given by the U.S. Government. It was through them that it was received. At first, we used to get the money from the Argentine military who were established in Honduras. Then the contact or the money dealing and acquiring the materials we needed and everything was with the CIA once the Argentineans left.

Chairman SPECTER. Well, when did the money come from the Argentineans—as you put it, the Argentineans in Honduras? At what point in time was that?

Mr. CALERO. What point? When I arrived—when I first arrived in early 1983 it was the Argentines who were in charge.

Chairman SPECTER. And how long did that last?

Mr. CALERO. Only a few months, and then it was the United States that took over directly.

Chairman SPECTER. And when the United States took over directly, as you put it, who handled it for the United States?

Mr. CALERO. The CIA used to make payments. We had a treasurer, we had a man in charge of financing. So, I never did get any money to pay for goods that were purchased in Honduras, nor——

Chairman SPECTER. Did you have any personal contact with anybody from the CIA?

Mr. CALERO. Oh yes, I knew many.

Chairman SPECTER. Whom did you deal with?

Mr. CALERO. The first person was an agent in Managua who requested that I come to Washington to meet a very important person in Washington. That very important person turned out to be the commander and chief of the Honduran Military Forces, who needed to know what kind of people were going to be involved in this operation. And he asked me, are you going to be involved?. I said, well, I have not come out of Nicaragua yet, but I am seriously thinking about it. That must of been in August 1982. I left in December.

The Hondurans wanted to know if there were responsible people who were not tainted with Samosista, and who had good reputations because they wanted to associate themselves with people who were responsible.

Chairman SPECTER. So on that occasion you met with an official of the Honduran government?

Mr. CALERO. Yes.

Chairman SPECTER. Going back to the question as to any of your contacts with the CIA, did you have contacts with specific people in the CIA?

Mr. CALERO. Yes. Well, this man was in the Nicaragua—I don't remember the name now—who was from the CIA, he was the one who got this contact here.

Chairman SPECTER. Well, was it your understanding that he was in the CIA?

Mr. CALERO. Yes. I mean, he did not show me a badge, you know, but we knew—I mean, we knew in Nicaragua that in the U.S. Embassy, the political attache, or one of the political attaches would always be a man working for the CIA, for U.S. Intelligence.

Chairman SPECTER. Where did you meet that man who identified himself as being a Honduran?

Mr. CALERO. In Managua, in Managua.

Chairman SPECTER. I thought you met him in the United States?

Mr. CALERO. Oh, you—come again. The Honduran, General Alveraz—

Chairman SPECTER. Yes.

Mr. CALERO [continuing]. I met him here in Washington at the Watergate hotel. I also—

Chairman SPECTER. Just one meeting?

Mr. CALERO. We had one meeting. Yes, yes, yes, yes. Then I also met CIA officials here. Some of them used names that weren't necessarily theirs.

Chairman SPECTER. How did you know the names weren't theirs.

Mr. CALERO. Well, because I later learned what their real names were.

Chairman SPECTER. What names did they use?

Mr. CALERO. I remember the first man who talked to me a whole great deal was called Tony.

Chairman SPECTER. Did he have a last name?

Mr. CALERO. No. I don't remember the last name. Then it turned out that he was someone else.

Chairman SPECTER. What was his real name?

Mr. CALERO. I don't remember.

Chairman SPECTER. What was his real name?

Mr. CALERO. I don't remember his real name because he left. He was just the beginning. Then I met——

Chairman SPECTER. How many people did you meet who didn't give you their real names?

Mr. CALERO. I guess, well, Dewey Clarridge, for instance, he went by another name when I met him. Then I found out in the paper that he was Dwayne Clarridge and——

Chairman SPECTER. Dwayne Clarridge misrepresented his identity to you?

Mr. CALERO. He used another name.

Chairman SPECTER. What name did he use?

Mr. CALERO. I don't remember, I don't remember.

Chairman SPECTER. Did you meet Alan Fiers?

Mr. CALERO. Yes, Al Fiers. He used another name, too. Then with time, I found out that he was Al Fiers.

Chairman SPECTER. Well, let's start with Dwayne Dewey Clarridge. When did you first meet him, as best of your recollection?

Mr. CALERO. In Miami.

Chairman SPECTER. When?

Mr. CALERO. It must have been 1982.

Chairman SPECTER. And where?

Mr. CALERO. Before I left Nicaragua.

Chairman SPECTER. Specifically where in Miami?

Mr. CALERO. At a hotel. I am trying to think of the name of the hotel, but——

Chairman SPECTER. What was the purpose of that meeting?

Mr. CALERO. I would say that they were trying to convince me to get out of Nicaragua and come out and help him out in this situation.

Chairman SPECTER. And what did you say?

Mr. CALERO. Well, I said that I was inclined to do it, but that I wasn't ready for it yet.

Chairman SPECTER. What name did Mr. Clarridge use at that time?

Mr. CALERO. I have it down some place in a few notes that I have.

Chairman SPECTER. But you're sure that it wasn't Dewey Clarridge as the name that he used?

Mr. CALERO. Oh yes, I'm sure it wasn't that name.

Chairman SPECTER. You're sure he didn't use his right name?

Mr. CALERO. No, no, no, no.

Chairman SPECTER. Do you have any idea why he would misrepresent his name?

Mr. CALERO. Well, because CIA officials in Central America, when they come to serve as U.S. Government officials, use their real name. But here in the United States, when they are not officials before any foreign government, then they tend to use other names.

Chairman SPECTER. When did you next meet Mr. Clarridge.

Mr. CALERO. Oh, I met him a number of times. I wouldn't remember him. I mean, I met him in Miami, and then I met him in Washington, and met him in Miami again, and——

Chairman SPECTER. What was the purpose of all these meetings?

Mr. CALERO. Well, it was a matter of our joint operation.

Chairman SPECTER. Same purpose?

Did he ever use his right name?

Mr. CALERO. Oh, yes. Later on afterward, he used his correct name, yes.

Chairman SPECTER. When he used his correct name, did you ask him why he had been using an assumed name?

Mr. CALERO. No, because I was sort of familiar with that kind of thing. Because we in the resistance, or in the Contras, we, a lot of us also used other names.

Chairman SPECTER. Did you ever use another name?

Mr. CALERO. No, because I was so obvious that nobody would ever believe me.

Chairman SPECTER. When did you meet Mr. Alan Fiers?

Mr. CALERO. Alan Fiers? Don't remember exactly what year. But he took over after someone else left. After this Tony, I believe, who went to Europe, then he became the man in charge of Central America.

Chairman SPECTER. Where was it that you met Mr. Fiers?

Mr. CALERO. For the first time? I don't remember. It could have been in Honduras. Could have been here in Washington.

Chairman SPECTER. What was the purpose of your meetings with Mr. Fiers?

Mr. CALERO. To discuss this joint operation.

Chairman SPECTER. Did you ever discuss with Mr. Fiers or Mr. Clarridge financing of the contras?

Mr. CALERO. Well, they tended to keep away from that. They tended not to speak of ways that we could use to lobby Congress, because they said that was against the law.

So, when I—when we ran out of money, I remember I began coming to Washington in 1984 to lobby for U.S. financial support.

Chairman SPECTER. Did you talk to Colonel North about funding for the contras?

Mr. CALERO. Oh, yes. He was aware that we were in bad shape and that we needed to raise money and he was helpful to us.

Chairman SPECTER. Does the name Oscar Danilo Blandon Reyes mean anything to you?

Mr. CALERO. No. It didn't mean anything to me until I read his name in *The Washington Post*, I believe it was, or in the *San Jose Mercury News* article that was brought down by a *Washington Post* reporter to Nicaragua. Then I saw his name, Blandon Reyes. Until then, I realize that he's—who his father was and who his mother was.

Chairman SPECTER. Did you ever know Mr. Blandon?

Mr. CALERO. No. I could have seen him as a child in Nicaragua.

Chairman SPECTER. Did you know his parents?

Mr. CALERO. I knew his father and I knew his mother, yes. Very nice people, very good people.

Chairman SPECTER. Does the name Juan Norwin Meneses Cantarero mean anything to you?

Mr. CALERO. Norwin Meneses was the brother of a general in the Nicaraguan army, well known. He was cousin of another general in the Nicaraguan army. So, the name was familiar. I never met him in Nicaragua.

Chairman SPECTER. Did you ever meet Mr. Meneses anywhere other than Nicaragua?

Mr. CALERO. We—the resistance used to visit cities in the United States where there were heavy concentrations of Nicaraguans in order to obtain their political support.

Mr. CALERO. I used to hear from congressmen that, you know, that they needed, in order to vote for us, that the left was pretty tough on them, the SISFIS, which was the Salvadoran communist outfit had a lot of sympathizers, and we needed this and some of these congressmen needed the political support, so we used to go to cities where there were lots of Nicaraguans and tell them about this need that congressmen had, so for them to do something, you know, to go to rallies or to promote—

Chairman SPECTER. Was it in that connection that you met Mr. Meneses?

Mr. CALERO. In that connection, I met—

Chairman SPECTER. Where did you meet Mr. Meneses?

Mr. CALERO. I met Mr. Meneses in San Francisco, CA, maybe in the year 1984, maybe 1985. I met him on two occasions.

Chairman SPECTER. Maybe more?

Mr. CALERO. No. On two occasions. They were in connection with these gatherings of Nicaraguans that we had there.

Chairman SPECTER. How long did the first meeting last?

Mr. CALERO. Well, I did not meet with him personally. I met him with a whole lot of people.

Chairman SPECTER. How long did the meeting with the whole lot of people last?

Mr. CALERO. Oh, I don't know. It was a—first it was a dinner. It could have lasted 2½ hours.

Chairman SPECTER. Did you have some conversation with Mr. Meneses?

Mr. CALERO. I must have, but I don't remember it.

Chairman SPECTER. How long did the second meeting last?

Mr. CALERO. I don't remember, but it was some kind of a seminar that we had at the Drake Hotel or something in California. It was—I was there with a bishop from El Salvador who used to support the rightist cause in El Salvador.

Chairman SPECTER. Do you recollect having a specific conversation with Mr. Meneses at that time?

Mr. CALERO. I talked to, you know, I talked to all of them. Everybody had questions to ask me, mostly. How are things going, you know, what are you doing?

Chairman SPECTER. Did Mr. Meneses ever provide any money for the Contras?

Mr. CALERO. Not one cent.

Chairman SPECTER. Are you sure of that?

Mr. CALERO. I am sure of that. I heard from Enrique Bermudez who's now dead, that and who had reason know Meneses, because Bermudez was a member of Nicaraguan army, and so was Meneses's brother, and Bermudez told me that Meneses had come to Honduras in 1982 and had brought with him a cross bow and some sporting goods for the troops to enjoy. That's the only conversation I remember ever having with Meneses—I mean with Bermudez about Meneses and I kept—because I've read lots of

things on this. I can tell you that Meneses was never appointed anything in San Francisco.

Chairman SPECTER. Well, precisely, what did Mr. Bermudez say that Mr. Meneses did?

Mr. CALERO. That he had come down to Honduras, had brought in this cross bow—

Chairman SPECTER. Had brought in what?

Mr. CALERO. A cross bow. You know, those bows that you—

Chairman SPECTER. Cross bows?

Mr. CALERO. Yes, cross bows. They used to use in the Middle Ages. And—

Chairman SPECTER. What was the purpose of bringing in cross bows?

Mr. CALERO. The cross bow Meneses thought would serve for a special operations or something like that, Bermudez said. He laughed it off, you know.

Chairman SPECTER. To be used as a weapon.

Mr. CALERO. As a weapon, yes, yes.

But Bermudez—

Chairman SPECTER. It was unrealistic?

Mr. CALERO. Totally unrealistic. I mean Bermudez laughed it off, I remember—

Chairman SPECTER. That's all Mr. Bermudez said that Mr. Meneses did?

Mr. CALERO. That's all Bermudez that Mr. Meneses ever did, yes.

Chairman SPECTER. Did you know that Mr. Meneses was engaged in drug trafficking?

Mr. CALERO. I had no idea that he was engaged in drug traffick. I saw him as another Nicaraguan moving freely within the United States, in and out of the United States, so I had no reason to believe, nor suspect, nor imagine that he was in any kind of an illegal activity. I—as a matter of fact, he was the only Nicaraguan not in the United States, huh.

Chairman SPECTER. Did you know that Mr. Blandon was engaged in drug trafficking?

Mr. CALERO. I never heard of Blandon—Blandon's name never came up around the 1980's.

Chairman SPECTER. Did you ever hear any discussion in any way with anyone about drug trafficking to provide money to support the Contras?

Mr. CALERO. Never heard. I never—never did. If I ever—if I ever—I can tell you one thing. If I ever would have had knowledge or a notion that something like that could have been going on, I would have denounced it. I certainly was not going to join in such a crime which was absolutely foreign to my way of being, to my way of life. I would have never, never, never, covered or abetted or looked the other way on something like that.

Chairman SPECTER. Did you ever know of or hear anything about anybody from the CIA being involved or turning the—looking away when drugs were being sold to finance the Contras?

Mr. CALERO. Never. I must say that I have a very high opinion of the CIA people that I dealt with, I knew some of their families, I knew them personally, of course, and they seem to me as God-

fearing, family men, very much dedicated to a cause which they considered important for this country.

So I never—I could have never suspected, nor never imagined that any of the CIA officials that I'd met, that I worked with, would be capable of ever going into such—into any kind of illegal or immoral or criminal activities.

Chairman SPECTER. Aside from the issue of drug sales, did you know of the CIA making any effort of any kind in any way to provide funding for the Contras when the official U.S. funding was cutoff.

Mr. CALERO. No. They were very careful. We used to joke about it. We used to call them CIACOS, you know, CIA and C-I-A-C-O-S, CIACOS, for the members of the CIA. They are always asking questions and never giving any answers was our—was what we used to comment. They always wanted to know everything and they seldom inform you of anything.

We never—and as far as fund raising, I remember clearly that Alan Fiers would say, I don't want to hear about that, you know, if we started to talk about something that they were not supposed to be involved in, I don't want to hear anything.

Chairman SPECTER. Now what was it that Alan Fiers didn't want to hear about?

Mr. CALERO. Anything that would, let's say, that would involve our lobbying or efforts we were making to raise funds.

Chairman SPECTER. Well, when you say that he didn't want to hear about it, was that a statement that it was OK to do it as long as he didn't hear about it?

Mr. CALERO. Well, my impression was that they wanted to keep away or keep out of anything that did not involve their orders or their—

Chairman SPECTER. Well, keeping out of it is one thing, if it's going on. Stopping it from going on if it's improper is something else. Are you saying that they wanted to stop it from going on or only that—

Mr. CALERO. No, no.

Chairman SPECTER. Wait, let me finish the question. Or only that if it was going on, they didn't want to know anything about it, wanted to look the other way but allow it to go on?

Mr. CALERO. Well, there was nothing wrong about our lobbying in the U.S. Congress. Yet, they did not want to know about it. That was—

Chairman SPECTER. Why did they take that attitude if there was nothing wrong with your lobbying?

Mr. CALERO. I don't know. I don't know. I don't know what their reason was.

Chairman SPECTER. Mr. Calero, you doubtless know, one of the charges is that although the CIA might not have been involved in the drug dealing, they might have known about it, might have looked away but allowed it to go on with tacit approval. I'm not saying they did that, but I'm just asking you the question in some detail to clarify your own testimony. They just didn't look the other way knowing it was going on. You're saying that they wanted to stop anything from going on that was illegal?

Mr. CALERO. No. What I said—I answered your—you asked me if they were involved in fund collecting, and I told you that when we would talk about fund-raising, then they said, look, that's fund-raising in the common ordinary way that it was done, or fund-raising or trying to get U.S. congressional approval for funds, they would not want to hear about that. I have not said that—you know, we're in public—about the other things that they didn't want to hear about, no, no. Just those two specific things.

Chairman SPECTER. Senator—

Mr. CALERO. That was out of their—

Chairman SPECTER. Excuse me?

Mr. CALERO. That was out of their—

Chairman SPECTER. It was out of their line to be involved in what the Congress did on fund-raising?

Mr. CALERO. Yes. Fund-raising—

Chairman SPECTER. Providing funds for the Contras?

Mr. CALERO. Yes, fund-raising was out of their line, and so was lobbying the U.S. Congress.

Chairman SPECTER. Senator Shelby.

Senator SHELBY. Thank you.

Senator Specter's been over some of these questions, but I'm going to continue, if you'll be patient.

To your knowledge, Mr. Calero, did the Central Intelligence Agency, the Drug Enforcement Agency, or any other government agency of the United States, promote drug trafficking as a means to raise funds for resistance efforts in Nicaragua in the 1980's?

Mr. CALERO. Not only they did not, to my knowledge—

Senator SHELBY. That's right.

Mr. CALERO [continuing]. They did not, to my knowledge, they did not ever promote any such thing, but did not promote anything else that—that would be wrong or—

Senator SHELBY. OK.

Mr. CALERO [continuing]. Or out of their line of duty.

Senator SHELBY. Did you or any member of your organizations that were involved in trying to get rid of the government in Nicaragua, promote the trafficking of narcotics as a means of fund-raising in any way or any where? Especially in the United States?

Mr. CALERO. I—

Senator SHELBY. Did anybody officially connected with your organization?

Mr. CALERO. Excuse me.

Senator SHELBY. You go ahead.

Mr. CALERO. To my knowledge, no one, Nicaraguan or non-Nicaraguan, ever connected with the organization promoted in any way any criminal activity. Had they done it, I would have been the first to call them to order or to denounce the thing. Because we could not afford to have—we were—here we were trying to look our best, trying to appeal to some 400 some odd or 500 some odd U.S. Government congressional representatives who had the say about the funding.

Senator SHELBY. You were basically trying to promote democracy in your country.

Mr. CALERO. We were—we were promoting democracy. We were promoting honesty[?]. I will tell you, I mean, not because I did it, but, when I had——

Senator SHELBY. Yes.

Mr. CALERO [continuing]. To appear before Congress or before the independent counsel, Judge Walsh's, I talked to the mayor of Miami and some other friends in Miami. I said I've been, you know, I've been cited for a grand jury. I need a lawyer because I don't know much about what happens here. So this young man, you know, they look for a young lawyer, you know, able, and says, well, my first recommendation is that you appeal to the fifth amendment, huh? I say, like Hell, I said. If I'm going to do that, I don't need a lawyer.

Senator SHELBY. You had nothing to hide, did you?

Mr. CALERO. I have nothing. I'm one who come before these people and I'm going to answer all questions, and I'm going to turn in all records, and I did that with—with—I turned that in to Senator Orrin Hatch, I remember.

Senator SHELBY. Sir, would you be in a position in your organization, the Contra—one of the Contra organizations—to know if there was drug trafficking involved in an effort by some people in your organization to sell drugs to raise money for the overall effort to overthrow the government?

Mr. CALERO. Well, I can tell you—money, you cannot hire—if there's anything you cannot do, it's hide money, you know. Money shows, if anybody is handling it. And we always had people asking us for money for needs or for humanitarian needs to help family members, to help themselves to have—to get medicines, to get medical attention when we didn't have much of that. I never—I never saw anyone, you know, showing up with money or going to bar-rooms or driving new vehicles or using new clothes or anything like that, which can give you an idea something's wrong.

Senator SHELBY. Sure.

Let me ask you this, sir. Senator Specter talked to you about Mr. Blandon and Meneses. Is that how you say his name?

Mr. CALERO. Blandon?

Senator SHELBY. Meneses, is that——

Mr. CALERO. Oh, Meneses.

Senator SHELBY. Meneses.

Mr. CALERO. Meneses, yeah.

Senator SHELBY. And their role. Was Mr. Blandon one of the founders of the FDN in the State of California?

Mr. CALERO. The founders?

Senator SHELBY. To your knowledge?

Mr. CALERO. The founders of the FDN—it was founded before I arrived.

Senator SHELBY. Absolutely.

Mr. CALERO. The founders of the FDN were disenchanted Sandinista fighters who left Nicaragua——

Senator SHELBY. OK.

Mr. CALERO [continuing]. And went into Honduras, and joined up with former national guardsmen, and made up the organization and then got help from—from the Argentines, and then they went

up to Washington and got some help. When I came to the FDN in 1983, there was already U.S. funding for the——

Senator SHELBY. OK.

Mr. CALERO [continuing]. For the effort.

Senator SHELBY. Did you ever pose for a photograph with Mr. Blandon or Mr. Meneses?

Mr. CALERO. Well, I tell you——

Senator SHELBY. And if so, where did this take place and when?

Mr. CALERO. I appear on TV——

Senator SHELBY. OK.

Mr. CALERO [continuing]. Constantly, in newspapers, here in this country and in other countries. I became, whether I liked it or not, a sort of a celebrity. I used to be stopped in the streets, in the stores, in many places, and people in airplanes, they were, anybody who had a camera with him——

Senator SHELBY. OK.

Mr. CALERO [continuing]. We want to have a picture taken with me. When I came to these meetings of Nicaraguans in San Francisco, New Orleans, Los Angeles——

Senator SHELBY. Uh-huh.

Mr. CALERO [continuing]. Chicago, and whatnot, everybody wanted to have a picture taken with me, huh? So I had hundreds and hundreds of pictures taken with Nicaraguans, with people that I didn't know, that I would——

Senator SHELBY. OK.

Mr. CALERO [continuing]. Never see again. But that was the usual. I think that's very much American to, you know, movie actors and this, that and the other thing, they want, everybody wants to have a picture taken with them, huh?

Senator SHELBY. Did you know this gentleman personally? Mr. Meneses?

Mr. CALERO. Meneses, I met in California, in San Francisco personally.

Senator SHELBY. Do you remember what year that was?

Mr. CALERO. 1985 maybe.

Senator SHELBY. OK.

Mr. CALERO. 1984, 1986. I never met him in Nicaragua.

Senator SHELBY. Did you talk to him when you met him in California?

Mr. CALERO. I talked to him, but I——

Senator SHELBY. Did you have an extended conversation about——

Mr. CALERO. No.

Senator SHELBY [continuing]. Your role in the government, what you were trying to do?

Mr. CALERO. No.

Senator SHELBY. Or how you were going to raise money or how he could raise money?

Mr. CALERO. No, no, no. I never—look, not even rich Nicaraguans ever gave us any money because they said that the money needed was so much that—that it was impossible for them to—besides, Nicaraguans that were in the United States were not in good economic shape. You know, most of them had left all their belongings and things back home. The only Nicaraguan that I remember that

specifically gave me, and gave it to me personally, money, was Mr. Locayo, the president of the Coca-Cola company that I used to work for. He gave me \$10,000 to open up the office here in—

Senator SHELBY. Where did that \$10,000 come from? Out of his own pocket?

Mr. CALERO. Out of his own pocket, yeah.

Senator SHELBY. Is he a businessman or something?

Mr. CALERO. He was very, very—

Senator SHELBY. With a good reputation.

Mr. CALERO. Businessman with a lot of money, I mean, millionaire, you know. He was the owner of the Coca-Cola franchise in Nicaragua that I worked for.

Senator SHELBY. Did either one of these men, Meneses and Blandon, did they ever hold, to your knowledge, any official position with your organization?

Mr. CALERO. To my knowledge, they never held any official position. We used to have a representative in each Nicaraguan community in these cities, you know. Usually, we would pick the leader of the Nicaraguans. We would pick the person who had been there longer. The person who had the facility, who was known by everyone to have gatherings or to have meetings there. In San Francisco, that person—and I told Mr. Cumming, Tony Navarro is the name. He's been there—he went to—there was a big Nicaraguan migration in the 1940's to California. So, he went there in the 1940's and he's been there for a long time. And he has a body shop there which is very, very successful, I understand.

Senator SHELBY. Sir, did you or anyone in the higher echelons of your organization ever discuss—ever discuss—any possibility of using money raised from the sale of trafficking in drugs to overthrow the government in Nicaragua? Was it ever brought up in any type of discussion when you were trying to raise money?

Mr. CALERO. Before—in my presence, there was never any such discussion.

Senator SHELBY. Have you ever heard of any other discussions that were not made in your presence or inklings that this may have been discussed in your organization?

Mr. CALERO. The only thing I heard about drugs is the fact that some of our troops inside Nicaragua at times would come upon marijuana patches, you know.

Senator SHELBY. Growing in the country?

Mr. CALERO. Yes, growing in the country. Yes. So, they would cut some for themselves and use it at some point during their sojourn because some of them used to take 2, 3, 4 months inside Nicaragua. So, that's the only thing I ever heard connected with drugs.

Then, I read in the papers also allegations about drugs. But—

Senator SHELBY. When did you first read this in the papers and what papers or news account?

Mr. CALERO. About this?

Senator SHELBY. About allegations of drugs.

Mr. CALERO. Oh, way back in—after my second trip to San Francisco.

Senator SHELBY. Would this be back in the 1980's?

Mr. CALERO. Back in 1980's, oh yes. Back in 1985, 1986, 1987, I don't remember exactly.

Senator SHELBY. What did you read or hear then about these—
Mr. CALERO. This—some newspaper man from the *Chronicle*
or—

Senator SHELBY. San Francisco *Chronicle*?

Mr. CALERO. *Chronicle*. Or maybe the other paper called me
about this fellow Meneses. So there must have been something—

Senator SHELBY. When he called you about that, what was the
conversation?

Mr. CALERO. I don't remember exactly, but he wanted to find out
about him.

Senator SHELBY. About the man?

Mr. CALERO. About this man and what was our tie.

Senator SHELBY. Do you have any link to him in other words?

Mr. CALERO. To what link we had, why. So I told him exactly
what I've said here. Because they had him—I think that the press
or media already had Meneses in the eye. You know, I mean—they
suspected something about him. But he was never jailed that I
know of.

Senator SHELBY. They were focusing in on him anyway?

Mr. CALERO. Yes, right, yes. I never saw him—and after that I
never saw him. Nor would I want to see him because the least
thing I needed were—at the time, were problems.

Senator SHELBY. Do you believe of your own knowledge in the po-
sitions you've held in the Contra organization that the CIA was
ever involved in any official capacity or unofficial capacity in pro-
moting drug trafficking to raise money?

Mr. CALERO. I mean—if you allow me the use of an American
slang.

Senator SHELBY. Go ahead.

Mr. CALERO. I will say that all of this story, rather than about
crack is about crap. That is my—

Senator SHELBY. Crap.

Mr. CALERO. Yes, rather than crack, is crap. That's the way I
look at it. It's a preposterous—

Senator SHELBY. Unfounded?

Mr. CALERO. Unfounded, ridiculous, a lot preposterous is ridicu-
lous; absurd.

[Voices in the audience.]

Chairman SPECTER. Now, now, we will have order. Order. We
will order. We will have order in the hearing.

VOICES.

Chairman SPECTER. If you have anything you would like to tell
the committee, we will be—we will be glad to receive it.

VOICES.

Chairman SPECTER. We—we are proceeding—

VOICES.

Chairman SPECTER. We are—we—we are—

VOICES.

Chairman SPECTER. We are going to have to proceed with this
hearing. If there is anything you have to tell the committee, we will
be glad to hear from you.

VOICE.

Chairman SPECTER. Officer, officer, stand aside. Officer, stand
aside. Officers, stand aside.

VOICE.

Chairman SPECTER. Well, what's going on right now is the Chairman—

VOICE.

Chairman SPECTER. We are calling every relevant witness who has called—

VOICE.

Chairman SPECTER. We will be glad to talk to you to get your suggestions and we will call—

VOICE.

Chairman SPECTER. Mr. Calero, would you proceed.

VOICE.

Chairman SPECTER. If anybody—if anybody—if anybody has any information to present to this committee, we are interested in receiving it. We understand—we understand the high level of emotional involvement, and we are prepared to allow some leeway to have you express yourselves, although this is not in accordance with the regular rules. We are prepared to listen to you.

VOICE.

Chairman SPECTER. We are—we are prepared—we are prepared to listen to anyone who has anything to say on this subject.

VOICE. Why did you call this meeting so suddenly?

VOICE.

Chairman SPECTER. This meeting—this meeting—this meeting was not called suddenly. This meeting was scheduled 3 weeks ago, and notice was given.

VOICE.

Chairman SPECTER. This committee is treating this issue as a very serious matter.

Now we will proceed with Mr. Calero. Anybody who wants to talk to us may do so.

Mr. Calero, will you proceed. We will hear from Congresswoman Waters in a moment or two. Let us finish with Mr. Calero.

VOICE. All right.

[Applause.]

Chairman SPECTER. Senator Shelby.

Senator SHELBY. Mr. Chairman, I just believe that, as I said earlier, I wanted to commend you again for calling—and I know this is probably the first of many hearings—an open hearing, not a closed hearing. But I do believe that we ought to hear from these other people, you know, that they've got a right to testify here before us, and we need to get to the bottom of this.

[Applause.]

Senator SHELBY. I supposed that today's hearing is just the beginning of a number of hearings that you would have, I would hope.

Chairman SPECTER. Well, as I said at the outset, Senator Shelby, we convened the first hearing promptly upon the adjournment of the Congress in response to the San Jose newspapers. We have then been proceeding to talk to everyone who was identified in that newspaper article. We have met with leaders of the African-American community, Congresswoman Waters and I talked before the last hearing. Congresswoman Waters just stood up, and we'd be glad to hear what you have to say, Congresswoman Waters.

[Pause.]

Chairman SPECTER. Well, you're invited to come join us and ask questions.

[Applause.]

Chairman SPECTER. Ladies and gentlemen, let me say to you that when the officers approached the man who was standing, I am not going to have the conclusion of this hearing that people who were expressing themselves were ousted by the Capitol Police. I am not going to have that happen. I can understand that the emotions are running very high. This committee has responded very promptly and in an intense way to get to the bottom of this matter and to find out what is going on.

We convened the first hearing on October 23, and we heard from Jack Blum, who had been the counsel for a Senate subcommittee in 1989, and we heard from the Inspector General of the CIA and the Inspector General of the Department of Justice. As we said on the record, Senator Kerrey and I, we were not satisfied with their authority without the subpoena power.

At that time Congresswoman Waters was here and we had a brief conversation, as I just did with Mr. Mfume, head of the NAACP, and Congressman Cummings, and if Congresswoman Waters has a question that she would like to ask, a line of questions, she is welcome to do so. It is not the regular proceeding, but we are glad to expand it.

When you stand up and speak out, it does not help us get to the facts. Anybody who has any witness, or anybody you think we ought to be talking to, we are interested in your suggestions.

Now we'd be pleased to hear from our colleague on the House side, Congresswoman Waters.

Congresswoman WATERS. Thank you very much, Senator Specter. I do appreciate the opportunity to raise some questions that I have formulated. I know this is an unusual way of doing business. As a Member of the other House, this is not normally done. But I certainly respect the fact that you understand that there is high interest and that you have allowed some of the members of this audience to express themselves, and you have made it clear that you are about the business of getting to the bottom of information and not about the business of ejecting or having to use police. So I am real pleased.

I think this is good, this is a good start, and I wish to raise a number of questions. First of all, to make sure that we have the right person.

Mr. Adolfo Calero, you are a 1953 graduate of Notre Dame, is that correct?

Mr. CALERO. Correct.

Congresswoman WATERS. You were the manager of the Coca Cola bottling plant in Managua before the Sandinista Revolution?

Mr. CALERO. Correct.

Congresswoman WATERS. You did meet with Mr. Norwin Meneses. You have said that you were in a meeting with him maybe two times and you didn't remember quite what year, but would you agree that that was 1984?

Mr. CALERO. Could have been.

Congresswoman WATERS. Were you recruited by the CIA to serve on the FDN Directorate in 1983?

Mr. CALERO. No. The first invitation I received to join the movement, was extended to me by Mr. Enrique Bermudez, who was the military chief at the time, through a newsman, a newspaperman who had been to Honduras and came to Nicaragua. And—

Congresswoman WATERS. Was Mr. Bermudez a CIA operative, had you ever heard that before?

Mr. CALERO. Eh, no. He was a member of the Nicaraguan National Guard, and he was, for a number of years, the military attache of the Nicaraguan government in Washington, DC.

Congresswoman WATERS. Had you ever heard that he was a CIA operative?

Mr. CALERO. I am supposed to be one, too, and anybody—

Congresswoman WATERS. No, but not you right now; I want to know about Mr. Bermudez.

Mr. CALERO. What I am trying to say is that anyone who has anything or any relation with Americans in many of these countries, many of our countries, is called a CIA operative. So it's a—

Congresswoman WATERS. So you heard—you did hear the rumor that he was a CIA operative?

Mr. CALERO. I heard, yeah. As I say, I've heard it of me and I have heard it of him.

Congresswoman WATERS. Did you become the President and commander in chief of the FDN Directorate?

Mr. CALERO. Did what?

Congresswoman WATERS. Did you become the President and commander in chief of the FDN Directorate?

Mr. CALERO. Yes. In October of 1983.

Congresswoman WATERS. Did you ever work for the CIA in Nicaragua prior to either becoming the President of the Directorate?

Mr. CALERO. I have never worked for any government, not even my government. I have never been under the employ of any government and my only employments have been with private enterprise.

Congresswoman WATERS. Did you work with the embassy in Nicaragua?

Mr. CALERO. I never worked for any embassy.

Congresswoman WATERS. Not as a paid employee, as a citizen who helped to distribute funds that were given to service organizations in Nicaragua? Did you serve that role for the embassy?

Mr. CALERO. I have been consulted a number of times by the U.S. embassy as to what's my idea, my opinion, about certain people or about certain organizations—

Congresswoman WATERS. Did you help to direct funds from the embassy to certain organizations in Nicaragua?

Mr. CALERO. I would say that maybe on account of the fact that I recommended a worthy cause, that funds might have gone to that organization.

Congresswoman WATERS. Did you work in conjunction with the CIA designated person of the embassy in distributing those funds?

Mr. CALERO. I did not work. As I say—

Congresswoman WATERS. Not work. You weren't on the payroll. But you were a citizen who worked with them.

Mr. CALERO. I was—let's say I was a sort of a consultant.

I was a sort of an advisor to many—many U.S. Government representatives, yes.

Congresswoman WATERS. All right. So there was a connection with the embassy. The persons that you worked with could or could not have been CIA connected, and you helped to give them advice about who to give funds to in Nicaragua, those service organizations. Are we correct in concluding that?

Mr. CALERO. Oh, yes. I would, to this day, if I come—if America, to begin with, I am very much appreciative of this country. I consider this my second country, and anything I can do for this country, for the good of it, I will always do, and—

Congresswoman WATERS. Oh, no, and I appreciate that. I just wanted to establish the connection so that we understand that we are talking on the same wavelength here.

Mr. CALERO. Yes, yes.

Congresswoman WATERS. Now, Mr. Norwin Meneses—

Mr. CALERO. Uh-huh.

Congresswoman WATERS [continuing]. Was a known drug dealer in Nicaragua. Did you know that?

Mr. CALERO. No, un-huh.

Congresswoman WATERS. You do not know that he was called the kingpin of narcotics traffickers in Nicaragua prior to the fall of Somoza?

Mr. CALERO. No.

Congresswoman WATERS. Never heard of him before?

Mr. CALERO. I never—I heard of him before, but in a matter of some automobiles. I remember something came out in the paper but I just—

Congresswoman WATERS. No, that was in San Francisco, where he owned an automobile dealership. But prior to coming to the United States, he was very well known. In Nicaragua, he was a drug dealer before he ever came to the United States. You knew his brother-in-law, didn't you?

Mr. CALERO. I never—huh?

Congresswoman WATERS. Did you know his brother-in-law, didn't you?

Mr. CALERO. His brother—who was his brother-in-law? I have no idea.

Congresswoman WATERS. Did you know any of his relatives?

Mr. CALERO. I knew of his brother who was a general, but I don't remember ever meeting him.

Congresswoman WATERS. Do you know Carlos Akasa[?]?

Mr. CALERO. Carlos?

Congresswoman WATERS. Yes.

Mr. CALERO. Ekasa?

Congresswoman WATERS. A Nicaraguan attorney?

Mr. CALERO. Carlos Ekasa[?], yeah, a Nicaraguan attorney?

Congresswoman WATERS. Yes.

Mr. CALERO. I know him. Yes, he—

Congresswoman WATERS. Did he ever represent you?

Mr. CALERO. He used to work with us in the effort, yes.

Congresswoman WATERS. Did you know he was a son-in-law of Meneses?

Mr. CALERO. Of—yeah. Well, I—he had been divorced by the time that he—he was married to someone else.

[Applause.]

Mr. CALERO. Don't say Meneses, because we're talking about many Meneses here. Carlos Ekasa was married to a lady, the daughter of a man by the name of Meneses who was the Nicaraguan ambassador in Guatemala, and this Ambassador was assassinated in 1978, and I believe at the time Mr. Ekasa, whose legal advice I have used throughout the years sometimes, was divorced of this Meneses woman, and was married to someone else and then married someone else, and he's been married four times.

Congresswoman WATERS. I guess what I am trying to establish here is that a Meneses was known, his relatives were known, you knew some Meneses', and I am trying to understand whether or not you knew anything about Mr. Meneses while you were in Nicaragua. Had his name come up? Did you know he was a drug dealer? Did you know his relatives? Was this absolutely foreign to you until you first met him in San Francisco?

Mr. CALERO. The name Menses is well known in Nicaragua. They come from the northern part of Nicaragua, from Jinotega or someplace, and there were two General Meneses in the Nicaraguan army that were—were known. One of them was Ambassador of Nicaragua to Guatemala. So the name Meneses was known to me, and the public activities of some of the members of that family were known to me. But the clandestine and delinquent activities of any other member of the family was not known to me.

Congresswomen WATERS. All right.

Do you know Mr. Pena Cabrera[?]?

Mr. CALERO. Who?

Congresswomen WATERS. Pena Cabrera.

Mr. CALERO. Pena?

Congresswomen WATERS. Yes.

Mr. CALERO. Pena Cabrera.

Congresswomen WATERS. Cabrera, C-A-B-R-E-R-A. He was with the FDN. Pena Cabrera.

Mr. CALERO. Pena?

Congresswomen WATERS. Yes. Did you know him?

Mr. CALERO. Pena? I don't—don't remember. The name doesn't strike me.

Congresswomen WATERS. Did you know any member of the FDN in San Francisco that was arrested in 1984 on drug trafficking charges?

Mr. CALERO. No. Not to my knowledge. I don't know who was arrested. We had no members of such, of FDN, in the United States. I mean, we had delegates or representatives who would help us out politically, as I said at the beginning.

Congresswomen WATERS. Did Mr. Bermudez ever tell you that he had given Mr. Meneses responsibility for intelligence and security in California?

Mr. CALERO. He never told me that. As far as I am concerned, we did not need any security or intelligence in San Francisco or in New Orleans or in Chicago, for that matter.

Congresswomen WATERS. When you met with Mr. Meneses in San Francisco, was there any discussion with Mr. Meneses about receiving help—money, resources—for your work for the FDN?

Mr. CALERO. Never. Never offered a penny, never gave us a penny. If there was anyone to have received that, it would have been me because people tend to want to give the money to the head man. They want the head man to know that they are contributing. So if there had been any such donation, it would have come to me, I imagine. I mean, it never came to me from Meneses nor from anybody in San Francisco. We never got a penny there.

Congresswomen WATERS. Are you aware of a money trail that was identified by the DEA and the FBI from the drug ring in Los Angeles through a Mr. Lister and Morello to a bank in Miami, and from there to the contras?

Do you know who Mr. Lister is?

Mr. CALERO. Lister?

Congresswomen WATERS. Yes.

Mr. CALERO. Lister?

Congresswomen WATERS. From Los Angeles.

Mr. CALERO. No. Un-un.

Congresswomen WATERS. Were you aware of a bank in Miami that was identified as a bank that the money passed through to the contras?

Mr. CALERO. No, I—we—we used, in Miami, one, two, three banks. They were all foreign banks. But most of the money—all the transactions that took place were mostly at the Banco de Americas Centrale, called BAC. I turned over to Senator Orrin Hatch, back in 1987, I believe, all our bank accounts.

Congresswomen WATERS. How did the money, for example, if an organization wanted to give money to the contras in Los Angeles or San Francisco, where would they take that money and who would they give it to?

Mr. CALERO. They would have given it to Tony Navarro, I mean, who was the guy known and trusted and with a good reputation in San Francisco, or they would have answered maybe one of these mail—mailings that went out and asked for funds, you know, through the Nicaraguan-American Development Foundation, which was established in Washington, or through Spitz Channel, which I don't remember what the name of his organization was called. Otherwise, there was no way, because we didn't have any bank accounts in California.

Congresswoman WATERS. Mr. Calero, as you explained, when you went in to Los Angeles and other areas, you were connected with the Nicaraguan community. They would hold events, rallies, or fundraisers, and I suppose there would be talk and discussions about the Nicaraguans who had come to this country, what they were doing, how they were progressing, because you had a lot of families here involved, people who left, who came here. So in these Nicaraguan communities, as these discussions went on, did you hear any discussions about any of those who had come from Nicaragua who may have been arrested or who had gotten in trouble or who had sought some help because they had gotten in trouble?

Mr. CALERO. No, no. I never heard of such problems, or nobody ever asked me to help him out in that regard.

Congresswoman WATERS. Did you ever hear about the Blandon drug ring? There were 200 Nicaraguans involved. There was a big raid in Los Angeles on 14 properties of Danilo Blandon's, drug supplied to him by Meneses. It was a big deal. The LA county sheriffs raided these 14 properties, and that's where Mr. Lister identified his connection with the CIA, and that's where they found drug scales, small amounts of drugs, cutting agents, and other kinds of things. With that many Nicaraguans involved in a big drug raid, are you saying that you never heard about it, no one ever discussed it?

Mr. CALERO. No. Never heard about it, never discussed it. With me, I can answer. Maybe with other people they could have discussed it whatever they want to. But with me, never. I never, never has anyone approached me to discuss any drug-related matter.

Congresswoman WATERS. Have you talked to Mr. Meneses since he has been in prison in Nicaragua?

Mr. CALERO. No, I have no reason to speak to him, nor would I want to speak to him.

Congresswoman WATERS. Did you hear that he was in jail and did you know why he's in jail?

Mr. CALERO. I read in the paper that he was in jail and I was happy for him.

Congresswoman WATERS. Why were you happy for him?

Mr. CALERO. Because any delinquent should be in jail.

Congresswoman WATERS. Delinquent?

Mr. CALERO. Delinquents, delinquents, criminals should be in jail.

Congresswoman WATERS. Why did you think he was a criminal?

Mr. CALERO. Well, because anybody who deals in drugs is a criminal, as far as I am concerned.

Congresswoman WATERS. When did you learn he was dealing in drugs?

Mr. CALERO. When? When I saw that he was captured in Managua, about 2 years ago, about 2½ years ago, I don't know.

Congresswoman WATERS. Well, Mr. Chairman, I want to raise that—

Mr. CALERO. I remember—

Congresswoman WATERS [continuing]. Information with Mr. Calero because the drug ring in Los Angeles was a drug ring and the drugs were basically supplied by Mr. Meneses, who was a drug smuggler before he left Managua. He was dealing in drugs before he left. The interesting question, Mr. Chairman, is how did he get into this country. Not only was he a known drug dealer in Managua, he was also associated with a murder there before he ever came into this country. How did he walk into the United States, undetected as a drug dealer, and operate for almost 10 years without ever being arrested.

[Applause.]

Chairman SPECTER. Congresswoman Waters, any line of inquiry that you have to suggest, Congresswoman Waters, the committee would be glad to entertain.

Congresswoman WATERS. Thank you.

Chairman SPECTER. That was the conversation which you and I had here on October 23. We appreciate any suggestions you have, or any suggestions which anyone may have.

I can understand the very deep concern which is present in this country about these charges. That is why this committee is proceeding to conduct these inquiries. If anybody has any suggestion as to whom ought to be talked to, we want to hear about it. We saw the reports about Director Deutch's appearance in Los Angeles on November 15, and we heard people in that audience, and we have talked to them to get any information which they may have.

Congresswoman WATERS. Do you have anyone here from the DEA, Mr. Chairman, today? They have extensive files on this operation.

Chairman SPECTER. From the DEA?

Congresswoman WATERS. The DEA has extensive files—

Chairman SPECTER. Congresswoman Waters—

Congresswoman WATERS [continuing]. On this operation.

Chairman SPECTER [continuing]. Let's you and I talk about it.

[Audience interjections.]

Chairman SPECTER. We have contacted the DEA and we are dealing to obtain information from them, and we have representatives of the Department of Justice here today. Let us proceed now with Mr. Pastora.

Congresswoman WATERS. Thank you.

Chairman SPECTER. And if you would—

AUDIENCE MEMBER. What about the guns? What about the guns?

AUDIENCE MEMBER. Oh, yeah, what about—

Congresswoman WATERS. Let us proceed and see how far we get, and if there is someone here from DEA, I am going to press on that, because I talked with the Inspector General, and he told me they had a room full of files on the Blandon-Meneses drug dealing operation, and we'll see what we can find out. But let's follow the Chairman for a minute here.

AUDIENCE MEMBER. All right.

Chairman SPECTER. We now turn to Mr. Eden Pastora, who was known as Commander Zero of the effort, was Sandinista's most popular war hero and a senior official of their government until he distanced himself from them in 1981. In April 1982, he publicly announced his opposition to the Sandinista regime.

In April 1983, he took up arms against the Sandinistas, and became the pre-eminent leader of the Nicaraguan resistance on the so-called Southern Front.

Before proceeding to Mr. Pastora's testimony, the committee would like to thank our two interpreters, Mrs. Stephanie Van Reigersberg and Ms. Patricia Arizu from the Department of State, who are providing the translation here for Mr. Pastora.

Mr. Pastora, let us proceed now to hear from you as to your general background—where were you born, where were you educated. Give us your chronological history until you finished your education please.

**STATEMENT OF EDEN PASTORA, ANTI SANDINISTA,
COMMANDER OF THE SOUTHERN FRONT**

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I was born in Matagalpa, Nicaragua, in the city of Arike.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. In January I will be 60.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I am the son of an artisan.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. El Sagomes, who was educated in New Orleans.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Until she was 25.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. My father was Pantillo Pastora; he was a peasant.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I did high school in a Jesuit high school in Grenada, Nicaragua.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. When I was 7, I lost my father; he was murdered by the Somosa regime.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I studied medicine for 5 years in the university in Guadalajara in Mexico.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I was unable to finish my medical studies because I joined the armed resistance against the fascist regime of Somosa.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. From a very young age, from the age of 20, I embraced the revolutionary ideas of the Sandinistas.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I still considered myself to be a great Sandinista, and a good revolutionary.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. For these causes I have fought in three guerilla conflicts and three wars, for freedom, democracy, and revolution in my country.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I had problems in the year 1984 with the Central Intelligence Agency of the United States.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. When I founded the Revolutionary Democratic Alliance in the south of Nicaragua.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Because of lack of financial resources, we withdrew from the armed conflict in May of 1986.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. In 1959 I founded the Sandino Revolutionary front.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. What year was that?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. 1959.

Mr. PASTORA. [In Spanish.]

- Ms. VAN REIGERSBERG. It was called the Sandino Revolutionary Front.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. In 1961 and 62, I was the co-founder of the sandinista Revolutionary Front—or the Front for National Liberation, excuse me.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. After the triumph of the revolution in 1979, I was the founder of the popular militia, the Sandinista Popular, or People's Militia.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. I was a guerrilla commandante, I was a brigade commander.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. And I was Vice Minister of the Interior and Vice Minister of Defense of the Sandinista government.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. I am a Christian, I am a Catholic.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. I was educated in a very conservative family, a family with conservative traditions.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. I do not have a home of my own.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. I do not own a car.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. I do not own any business.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. I am a fisherman.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. My political enemies have called me every name.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. Except for thief.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. Coward.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. Liar.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. Or drug addict.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. I do not smoke.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. I do not drink.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. I fight for social justice.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. In the years 1990 to 1996, I have founded a political party in Nicaragua.
- Mr. PASTORA. [In Spanish.]
- Ms. VAN REIGERSBERG. It's the Party of Democratic Action, or the Democratic Action Party.
- Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I was registered as a candidate of my party in the elections of 1996.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. On June 15 of 1996, the Supreme Electoral Tribunal prevented me from participating.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Despite the fact that I am a patriot who has fought for 40 years for the freedom of my people.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I am here at your invitation.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I thank you for that.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I thank you for the fact that you have promised me that this investigation will go to the bottom of the discussion on drug trafficking.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I come here to tell you for political reasons, and those are the reasons that I have fought my whole life long.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I come here to say to U.S. politicians—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. To U.S. journalists—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. Let's get to the bottom of this.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I am going to speak without fear.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. That is something which has characterized me my whole life long.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I am going to speak with sincerity.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I used to think that was a virtue, but now I realize it is a defect.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I would parody your hero, Patrick Henry, when I say—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Saying to my enemies, give me liberty or give me death.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. And here I would say to you—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. Investigate this to its depths—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. And either put the handcuffs on us and take us to jail—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. Or give our honor back to us.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. It is intolerable for an honest man—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. To be in this situation.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Thank you very much.

Chairman SPECTER. Thank you very much, Mr. Pastora. We appreciate your coming here today.

Mr. Pastora, according to an October 31, 1996, *Washington Post* article, two of your representatives, Octaviano Cesar, and Adolfo Popo Chamorro, said they asked a CIA official if they could accept the offer of airplanes and cash from a Miami-based drug dealer, George Morales. Chamorro is quoted as saying that, I called our contact at the CIA—of course I did—and they said Morales was fine.

First of all, do you understand the question? Do you understand that information?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Yes, I understand perfectly well.

Chairman SPECTER. Do you have any knowledge of the Miami-based drug dealer, George Morales?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I don't know if they had this contact with George Morales with or without the authorization of the Central Intelligence Agency of the United States.

Chairman SPECTER. Well, have you ever heard of George Morales?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Yes, I have.

Chairman SPECTER. What do you know about George Morales?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Octaviano Cesar and Popo Chamorro, after 1984, when I no longer had contact with the CIA and after the U.S. Government had stopped assisting us, Octaviano Cesar gave me a contribution of \$20,000—

Chairman SPECTER. Who gave the contribution?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. This was a contribution—I'll finish what he said before—of \$20,000 followed by a later contribution of \$20,000, and I think a third one of perhaps \$30,000, from a contact which they had with an American air transport millionaire, whose name, was George Morales.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Later, this millionaire in air transportation sent a gift in the form of a TITAN 304 aircraft, which was on the apron at the Pavas[?] airport, and it was in the name of Popo Chamorro.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. We had no money any longer at this point. I am talking about the middle, toward the end of 1984.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Not only did the CIA not provide us with any financial assistance, but it also blocked economic assistance from reaching us.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. During those months, I got money, dollar for dollar, from the Cuban factory, over the course of this period, forty to fifty thousand dollars.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. At that same time, George Morales gave us as a gift, another aircraft, this one a DC-3, which he sent to Illopongo airport in San Salvador.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Octaviano Cesar and Popo Chamorro told me that this millionaire, George Morales, wanted to meet the commander in chief, Eden Pastora.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I found this logical and normal.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. On a trip that I made to Miami, Octaviano and Popo Chamorro took me to the home of Chamorro's first wife, where I met this George Morales.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. It was early in the evening, I can't remember if it was 7 o'clock or 8 o'clock, and George Morales came into this group.

Chairman SPECTER. Can you fix the approximate date of that meeting?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. It was the end of 1984 or the first few months of 1985.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I realized that George Morales—I couldn't get him into a real in depth conversation, a political conversation or an ideological conversation, as I wanted him to.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I found his bearing and his way of being very strange.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. He talked about small boats, launches, and insisted on maintaining a very superficial kind of conversation.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I took advantage that he got a telephone call to go to Popo Chamorro's former wife.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. And I asked, who is this guy?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. She was very surprised that I didn't realize that he was the drug trafficker George Morales.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. She told me part of the story very quickly.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. She said that she was very frightened of him because he had just killed her husband.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. That he was a pilot and he knew a lot, George Morales.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. At that point I realized the danger I was in.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I suspected that it might have been a trap to get me involved in drug trafficking because I had an independent spirit.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I immediately had Octaviano Cesar and Popo Chamorro call my phone, and they came right away.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I complained bitterly about this and they acted surprised and said that they didn't know.

Chairman SPECTER. They said—Popo Chamorro and Octaviano Cesar said that they did not know what?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I said that I didn't know that George Morales was a drug trafficker.

Chairman SPECTER. What did Popo Chamorro and Octaviano Cesar say?

Mr. PASTORA. [In Spanish.]

Chairman SPECTER. The question is did Chamorro—did Chamorro and Cesar know that Morales was a drug trafficker?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I suppose—yes, I am sure they knew.

Chairman SPECTER. They knew.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. They accepted that he was a drug trafficker.

Chairman SPECTER. Let us—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. From me.

Chairman SPECTER. Let us—let us come back to the citation that I started with from the October 31, 1996, *Washington Post* article, which said that Cesar and Chamorro asked a CIA official if they could accept the offer of airplanes and cash from Morales, a Miami-based drug dealer.

Chamorro is quoted as saying that Chamorro called the contact at the CIA who said that Morales was fine.

Now, do you know anything about a CIA contact who dealt with either Chamorro or Cesar?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. No, I do not know.

Chairman SPECTER. Had you seen that article in the *Washington Post* on October 31, 1996?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I have not read it myself, but I have been told about it.

Chairman SPECTER. It had been called to your attention?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. That is right.

Chairman SPECTER. Did you make any effort to find out if that article was correct, which quotes Cesar and Chamorro as contacting a CIA representative to check on Morales?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. In these months, we were in the excitement of the political campaign in Nicaragua, and I really didn't have time.

Chairman SPECTER. Well, when did the campaign end?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. The campaign had just ended when your two representatives came to talk to us, and we accepted the invitation to come here.

Chairman SPECTER. Did you instruct your associates to check with the CIA before accepting contributions from individuals believed to be narcotics traffickers?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. No. We had completely broken off, broken relations with the CIA.

Chairman SPECTER. You testified that in 1984, you had problems with the CIA, when you started your testimony. What were those problem with the CIA?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Mainly political problems.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. The U.S. Government and the Nicaraguan government had negotiated in the city of Manzanillo in Mexico.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. In 13 rounds of negotiations, they negotiated an end to the war in Nicaragua, from east to west.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. They negotiated a halt to the war in El Salvador, and the end to the contra war in Nicaragua.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. One group was being managed by one group, and the other by the other, or another.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. The only independent front was the southern front; that was us.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. This jeopardized the position of the CIA from a political point of view because they couldn't control the south.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. As we were proceeding with our guerrilla war in the south, they could not openly just stop the war in the north.

Chairman SPECTER. So you disagreed with the settlement which was made by the parties to the negotiations?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. That's right—we disagreed with this settlement.

Chairman SPECTER. And you wanted to carry on the war?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. We wanted a war to win, not a war to be negotiated out.

Chairman SPECTER. Was that the totality of your problems with the CIA?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. That was the only thing.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. The rest of it is false, the rest of it are lies.

Chairman SPECTER. What are you referring to as the lies, now?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. All the lies that were told at the time that they cut the aid off because we were drug traffickers, because we were communists, because we were part of the front, all of those lies which were propounded at that time.

Chairman SPECTER. Well, who said that the aid was cutoff because you were drug traffickers?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I heard that Alan Fiers said that they were cutting off aid to the southern front, to ARDE, because some of the people of Eden Pastora's were drug traffickers.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I want to say clearly—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. That up to May 1984—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. Which is when we broke off with the CIA—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. That the CIA, in defense of the United States—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. That the CIA had all the money in the world, money that it got from the U.S. Congress and the U.S. Government.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Up to that point, and I am talking about 1982, 1983, and half of 1984, all they gave us was \$6 million.

Chairman SPECTER. Did you have personal dealings with Mr. Fiers?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I think I met him, but he was using a different name.

Chairman SPECTER. What name was he using?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I don't remember. I just remember the name that Dewey Clarridge used. He called himself Mr. Maroney.

Chairman SPECTER. Let's finish with Mr. Fiers first. How many times did you meet Mr. Fiers?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I don't know—perhaps once or twice.

Chairman SPECTER. And what did you talk about?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. We talked about the political and military situation. I do want to make one thing clear. I was a field commander and I spent most of my time in the mountains direct-

ing our battles. The city person, so to speak, was Alfonso Robelo, and from—during 1983 until 1984, when we broke off with him, he was the one that handled the money. I spent 90 percent of my time in the mountains—in the field.

Chairman SPECTER. How many times did you meet with Mr. Duane Dewey Clarridge?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Two, three, four, perhaps even five times.

Chairman SPECTER. What did you talk to Mr. Clarridge about?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. We spoke about the political problems of Nicaragua. We talked about the need for a policy to further the armed struggle, how to develop that policy; the political differences we had with the United States; the negotiations that were on-going. We also talked about the problem of the very small amount of money that we were getting.

Chairman SPECTER. Do you know why Mr. Clarridge used the name Maroney?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. It's a habit that security and intelligence people have, to conceal their real names.

Chairman SPECTER. During the fall of 1984, did you instruct several of the ARDE representatives to travel to the United States to try to get private funding?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. No.

Chairman SPECTER. Did you ever send anybody to the United States to try to get private funding?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. No.

Chairman SPECTER. Do you know—did you ever know Mr. Meneses?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I ran into him once by chance around the time of the triumph of the Sandinista revolution in 1979, and another time by coincidence in Costa Rica, around 1987 or 1988.

Chairman SPECTER. And this is Juan Norwin Meneses Cantarero? We heard about a number of Meneses. Is this Juan Norwin Meneses Cantarero?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. We're talking about the Norwin Meneses who is in prison in Nicaragua.

Chairman SPECTER. When did you first meet Norwin Meneses?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. It was just by chance in a meeting with some women friends. I have never had a friendly relationship with Mr. Meneses.

Chairman SPECTER. Then you met him on a second occasion you say?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. This was again a coincidence. I was with a friend—and I think this was in 1988. We were in Costa Rica, and it was in a business which roasted beans.

Chairman SPECTER. Do you have any knowledge as to whether or not Norwin Meneses was or was not a drug dealer?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. About Norwin Meneses, I recall that it was said already in Nicaragua that he was involved in illicit or dirty business. I think he had motels, and it was also said that he was involved in the sales of cocaine. In those days cocaine sales was not very common; marijuana was much more common.

Chairman SPECTER. Did you know that Norwin Meneses was involved in drug sales in California?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. No.

Chairman SPECTER. Did you know that Norwin Meneses was allegedly trying to support the contras, financially support the contras?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. No, I did not know.

Chairman SPECTER. Did you ever have any conversations with Norwin Meneses about helping to support the contras war effort?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. These two coincidental meetings that I described, one of them happened way before the contras, and the other one, way after.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. We did not discuss this at all.

Chairman SPECTER. Do you know Oscar Danilo Blandon Reyes?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Yes, I know him.

Chairman SPECTER. When did you first meet him?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I don't remember whether it was in Miami where I was introduced to him.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Or if it was in San Francisco.

Chairman SPECTER. How many times did you meet Mr. Blandon?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Perhaps some three or four times.

Chairman SPECTER. What did you talk to him about?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. We talked about the situation in Nicaragua. He was—he presented himself as an anti-Sandinista, a patriotic man. I had the impression that his family was Somosista. So I asked him for help, and I think he gave me help, once \$3000, and another time \$3000. This was 1985, 1986, or even 1987 after the war—and he gave me two pick-ups.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I want to be clear that he gave the \$6000 toward the armed struggle, but the pick-up trucks were personal gifts to me. I also want to say that in 1985 or 1986, we were loaned a house in Costa Rica to live in with me and my family, which turned out to be owned by Mr. Blandon.

Chairman SPECTER. Did you know that Mr. Blandon was engaged in drug trafficking?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. It was only when he was arrested in San Diego that I discovered that he had problems with drugs.

Chairman SPECTER. Are you saying you did not know he was engaged in drug trafficking when you accepted the \$6000 for your contra war effort?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I did not know.

Chairman SPECTER. Are you sure?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I am absolutely sure.

Chairman SPECTER. Why did you accept a pick-up truck as a personal gift from Mr. Blandon?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I was fishing in Costa Rica; I belonged to a fisherman's cooperative, and I was in extremely critical financial straits.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. It seemed to me totally natural that a friend of mine who was in very comfortable financial straits, as are the Blandon family in Nicaragua, it was very natural to me that a person like that would offer me or give me as a gift two pick up trucks.

Chairman SPECTER. Was he a good friend of your's?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Well, from the point of view of him giving me those gifts, yes, he was a good friend.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. These pick ups were worth a thousand or 15 hundred dollars each.

Chairman SPECTER. My question, Mr. Pastora, goes to the point of whether he was a good enough friend to accept pick ups worth a thousand or 15 hundred dollars, and whether you know that he was a—what his line of work was, what he was engaged in doing, like drug trafficking?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Well, it's not unusual for people in public life or famous people to be offered all kinds of assistance, help, donations, so I found it very logical that a friend like Danilo Blandon, who had been a friend since 1985, would, in 1988, give me these two used pick up trucks, which were sent from Los Angeles to Costa Rica.

Chairman SPECTER. Well, my question to you, Mr. Pastora, is if he was a good enough friend of yours to accept a pick up truck, was he a good enough friend of yours to know that he was engaged in drug trafficking?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I did not know that he was a drug trafficker, but I did consider him a good friend.

Chairman SPECTER. You knew him well enough to accept the pick up trucks, but not well enough to know what his business was?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Definitely; that's correct.

Chairman SPECTER. You testified that there had been accusations by the CIA about narcotics trafficking on the southern front. Could you be specific as to what you heard about the CIA complaints about such narcotics trafficking?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I said that I had heard that it was Alan Fiers who made this allegation, using it as an excuse for cutting off assistance to us.

Chairman SPECTER. Was there any basis at all for Mr. Fiers assertion that there was drug trafficking on the southern front?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. There was no grounds, there was no reason—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. That is why I am here voluntarily.

Chairman SPECTER. Mr. Pastora, there was a *Los Angeles Times* article dated October 21, 1996, quoting a source saying that everyone in Nicaragua knew that Meneses was a trafficker in the 1970's. Was it an open and notorious fact that people knew that Meneses was a trafficker of narcotics in the 1970's? People generally in Nicaragua knew that?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Well, if you judge me as a normal member of Nicaraguan society of that time, yes, I should have known that.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Let me tell you that I left Nicaragua in 1967.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I was in two guerrilla conflicts from 1966 to 1969, when I came back.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I really didn't live in a normal society in Nicaragua.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I left later, 2 years later in 1981—should have been 1976 to 1979.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I only came back to live a normal life in Nicaragua in 1990.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. In other words, the life and society of things that people know, of rumors, of stories, I just don't know.

Chairman SPECTER. Mr. Pastora, Octaviano Cesar gave a deposition under oath before the Senate Subcommittee on Terrorism and Narcotics on October 31, 1987, saying, "Pastora had said publicly that he had received a couple of helicopters from drug traffickers."

Had you said that you received a couple of helicopters from drug traffickers?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I received a couple of helicopters from Cubans exiled in Miami.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I received a promise, informal promise.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Later Mariano Montiallegre—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. Was the person who actually received the two helicopters.

Chairman SPECTER. Did you know that the people giving the helicopters were engaged in drug trafficking?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. No.

Chairman SPECTER. So that Cesar is wrong when he said under oath that "Pastora had publicly said that he had received a couple of helicopters from drug traffickers"?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. It was afterwards that it was discovered that they were drug traffickers and I did say so.

Chairman SPECTER. But you didn't know it at the time you received the helicopters, is that what your testimony is?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. When they were received, we did not know it. It was not known.

Chairman SPECTER. Marcos Aguado, the head of your air force, also gave a deposition under oath before that subcommittee on October 31, 1987, and stated, "I understand that many of our—many of the collections and a lot of the work that we have done to help the southern front, they might have used the same for the traffic of drugs—the same connections, the same airstrips, and the same people. Maybe they said that it was weapons for Eden Pastora and it was actually drugs that would later go to the United States. They took advantage of the anti-communist sentiment which existed in Central America, Honduras and Salvador, Costa Rica and Panama, and they undoubtedly used it for drug trafficking. They fooled people."

Was Marcos Aguado correct in that statement?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I think what Marcos Aguado says is very true, that there were many drug traffickers who took advantage, who were opportunists.

Chairman SPECTER. But were you or any of your companions engaged in any such drug trafficking?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Neither any of my companions nor I were involved in any of that.

Chairman SPECTER. Carol Prado, ARDE's chief of communications gave a deposition on October 31, also under oath, stating that "On the one hand, drug traffickers that approached political groups like ARDE, trying to make deals that would somehow camouflage or cover up their activities on the other hand. I believe that there were people from the CIA, that they set up traps for some of our ideological colleagues and got them excited, that maybe were promised that if the store was removed, they would end up being left."

Is there any truth to that?

Ms. VAN REIGERSBERG. I am afraid I didn't follow the last sentence of that.

Chairman SPECTER. Well, the drug traffickers, according to Carol Prado, approached political groups like ARDE trying to make deals that would camouflage their drug trafficking activities. There were people from the CIA that set up traps for some of Prado's ideological colleagues that got them excited and said that they were promised that if Pastora would remove, they would end up being left." I am not sure precisely what he means by being left, but I would like your comment about that sworn testimony of Carol Prado.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. The feeling in ARDE—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. The idea that we have in ARDE is that they used Cesar and Chamorro in this relationship with George Morales.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. To compromise us either directly or indirectly with drug trafficking.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. This is a kind of political death.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Why do we have this feeling?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Because when the whole business of drug trafficking came out in the open in the contras—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. The—when the top came off the kettle, so to speak, the CIA gave a document to Cesar—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. To Chamorro and to Marcos Aguado, too.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. This is—they say that this is a document holding them harmless or without any responsibility.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG [continuing]. For having worked in U.S. security.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. This is what they say.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. The truth of the matter is that they can enter the United States freely, but they cannot enter Costa Rica.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. That's why we have this bitter taste in our mouths and the idea that they wanted to compromise us.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Those were the times when we were in confrontation and they were trying to stop Eden Pastora because they wanted to stop the combat in the south.

Chairman SPECTER. Fabio Ernesto Corrasco, a Colombian drug trafficker turned government witness with immunity from prosecution, testified in 1990 that he paid millions of dollars to Cesar and Chamorro, at the instruction of his then-boss, George Morales.

Did you know Mr. Corrasco, or ever meet with him or hear Cesar or Chamorro mention his name?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I never heard his name, I never met him, and I did not receive a cent of that money.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Except for the 20 or 30 that I received at the outset.

Chairman SPECTER. Did you ever see the signs of substantial sums of money, millions of dollars, flowing to ARDE from George Morales?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. ARDE never received any such quantities of millions of dollars.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. The only serious signal we got was the—when Gerado Duran was caught depositing or trying to deposit \$400,000 in a bank in Costa Rica.

Chairman SPECTER. Did you know Jon Hall?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I knew two Jon Halls.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. One, a rancher.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. An American rancher in Costa Rica.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. He was known to be the CIA representative in the northern part of Costa Rica.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I knew another John Hall who was the head of the CIA station in Costa Rica, but that was in 1983.

Chairman SPECTER. Did you know a Jon Hall who was involved in drug trafficking during this time period?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I do not think that Jon Hall, the rancher in Costa Rica, was involved in drug trafficking.

Chairman SPECTER. How about the other John Hall?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. No, the other John Hall is a gentleman.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I met him in 1983.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I say he was a gentleman because I saw him and dealt with him three or four times, and I saw him as a person of good upbringing.

Chairman SPECTER. Are you aware that five witnesses testified before the Senate subcommittee in 1989 that Hall was involved in cocaine trafficking?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I did not know about those sworn statements.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. But if they did make such sworn statements, they must have proof.

Chairman SPECTER. Are you aware that in mid January 1989, Hall was arrested by Costa Rican authorities and charged with drug trafficking and violating Costa Rica's neutrality?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I also know that he was accused of the attack at La Finqua[?] in which four journalists were killed.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. It has now been demonstrated that neither the CIA nor Jon Hall had anything to do with the armed attack at La Finqua.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. The people responsible were Vital Dajuini[?].

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Roberto Vital Dajuini and Ramon—

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. Renal Montero, who belonged to the 5th section during the government of the front, the Sandinista Front.

Chairman SPECTER. Mr. Pastora, do you have any knowledge at all of any CIA involvement in the sale of drugs to help to finance the contra effort in the Nicaraguan war?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I have no knowledge of anything of the sort, and please rest assured that if I had seen any such thing, I would have informed a Senator or a Congressman of the United States.

Chairman SPECTER. Mr. Pastora, this committee is investigating allegations that the CIA was involved in the sale of drugs in California, Los Angeles, or allowed drugs to be sold in Los Angeles, with the profits being used for the contras. Do you have any knowledge of anything of that sort whatsoever?

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I have no knowledge whatever.

Chairman SPECTER. Senator Shelby.

Senator SHELBY. Mr. Pastora, how many people were involved in the southern front organization when you were commander? Roughly how many?

Ms. ARIZU. In which of the wars? The war against Somosa or the war against the political mistakes of the—

Senator SHELBY. The latter part, in the late 80's.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Well, in the military forces, we had 7500 warriors, and these were people who were barefoot, they were hungry, they were sick. They had no ammunition and they had old guns.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. It was a peasant revolt.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Everyone knows this.

Senator SHELBY. Did you have good control of these 7500 people that were fighting? You were—you were the commander. Was there a system of control?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. As far as the war is concerned, I was there with them in battle. Until the year 1986, there was absolute control over them.

Senator SHELBY. During this period in the 1980's, when you were short of money, did you get money wherever you could to help keep

your troops together, to keep your troops fed, to keep buying ammunition and guns to help you achieve your objective, which was the overthrow of the government?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. My policy has always been to take the money wherever possible in order to free my people.

Senator SHELBY. Sure.

Mr. PASTORA. [In Spanish.]

Ms. VAN REIGERSBERG. I want to tell you that in order to fight against Somosa, we also got money from Fidel Castro, and whoever wanted to help us. I was never called a communist or a drug trafficker.

Senator SHELBY. Did it really matter where the money came from—obviously it came to you from many sources—as long as the money kept coming? You got money from Cuba, you got money from various and sundry sources. So the objective was the overthrow of the regime, the government there, and so any money from any source, would help you achieve that objective, you would take, is that correct?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Look, it depends on what we understand as money.

Senator SHELBY. OK.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. What amounts are really money in a war?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Because except for the two helicopters—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. We only received a few cents.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. The thirty or forty thousand dollars that George Morales provided over a period of 2 months—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. Those were cents in the bucket.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. The \$6000 that Blandon gave, in a war, that's less than a few cents.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. We kept these hungry guerrilla warriors—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. Who were blocked by the right and the left—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. We kept them going more thanks to the money that was given by the Cuban factory dollar for dollar in Miami.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I don't recall any donation being over \$20,000.

Senator SHELBY. OK.

Could it be possible that some people would be working for your southern front, helping you in many ways and at the same time flying drugs out of the area and bringing them to the United States? Could that have happened? Without your knowledge or without your consent?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. It was difficult.

Senator SHELBY. But it's not impossible, is it? It was not impossible to do.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Not impossible.

Senator SHELBY. OK.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. But as far as I know, the only travel that I knew about was Gerardo Grande[?].

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I learned of it much later.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. When they had to justify the \$400,000 they caught Gerardo Grande depositing in a bank.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. After the war.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. This was already in 1988.

Senator SHELBY. OK.

If Norwin Meneses was identified by the Drug Enforcement Agency back in the 1970's as a cocaine supplier in Managua, would that have been pretty well known at that time in Nicaragua?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I repeat, I left Nicaragua in 1967 and I did not go back until 1979.

Senator SHELBY. OK.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Then I left again in 1981 and did not return until 1990 or 1991.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Those 2 years I spent in the country between 1979 and 1981 was in the middle of all the bustle of the celebration of victory.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. It is very difficult for me to know all the gossip and the comings and goings in the different towns.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. We hear rumors.

Senator SHELBY. What were some of those rumors—regarding drug trafficking?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. All kinds of things: that he was involved in illegal business, that he had to do with some kinds of hotels, that he was having a very crazy life, that he was involved with marijuana, that he was the brother of two generals, all kinds of things.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. It was also rumored that he was a DEA informer.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. It is also rumored that he was captured when he made a trip that was not authorized by the DEA.

Senator SHELBY. To your knowledge, did the CIA, the Central Intelligence Agency, or the Drug Enforcement agency, or any other U.S. agency ever promote drug trafficking as a means to raise money? Was that subject ever brought up with your organization?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Seriously, this subject was never brought up.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I want to make clear here—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. And I want to repeat—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. That I had problems with the CIA where we broke off our relations—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. On May 30, 1984.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I left the war on May 16, 1986.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I went off to fish with a line and a hook.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. The whole scandal of Iran-contra and the war broke out in 1987.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Up until 1984-85, no drugs were ever mentioned.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Not in exile, not in the resistance, not in the contras.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. This was a boom that took place after 1987.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. It is going to be recurring every 4 years.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Every election here in the United States, they are going to get into all kinds of domestic political problems with us in Nicaragua.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. As a politician that I am, I am absolutely convinced of this.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. That we are here talking today because of internal political reasons in the United States.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. The CIA—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. For the national security of the United States—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. Has all the money in the world at its disposal.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. And if the Congress were to deny it any money—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. I am sure all they need to do is move their pinkie finger and General Motors in Brazil could finance for the war.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Coca-Cola or any international company—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. Not the little war in Nicaragua.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. The Gulf War is what they could finance.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. We're politicians—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. We politicians understand these things.

Senator SHELBY. Of course, you understand the reason that the Chairman has called these hearings, that there have been serious—very serious allegations that the CIA was involved in a conspiracy to bring cocaine into the United States that is wasting our youth in this country. These are serious problems, very serious, and they demand serious answers, and an exhaustive investigation as people have demanded, and they should demand.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Sir, I am fully aware of the need for this investigation.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. This is harming the youth of the United States.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. The youth of all the world.

Senator SHELBY. Absolutely.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. It is also damaging the democratic system of the world.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. It is also damaging we, the few honest politicians who are left.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. When in the *Daily La Nacion* of Costa Rica I read that the CIA financed me through drug trafficking—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. This is a criminal statement.

Senator SHELBY. It is.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. They are de-legitimizing the sacrifice of tens of thousands of people who died.

Senator SHELBY. That's right.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Shelby.

Congresswoman Waters.

Congresswoman WATERS. Mr. Pastora, it has been explained to you the reason we are here in these hearings, the San Jose *Mercury News* identified a drug ring operating in Los Angeles. Mr. Danilo Blandon was one of the principals and he was being supplied drugs by Mr. Norwin Meneses. Mr. Norwin Meneses comes from Nicaragua. He was a drug dealer before he came to the United States. No one can answer how he got into the United States, given his history and his record. You knew him, Mr. Calero knew him. He was a well known drug dealer before he came to the United States, and we are very much interested in knowing what you knew about him and whether you knew he was a drug dealer.

So let me ask it in some other ways, because you have been asked this several times today. Are you familiar with the Cali Cartel? Drug cartel? Did you ever hear of the Cali drug cartel?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. All the dailies in the world mention it.

Congresswoman WATERS. Well, I am not interested in knowing about it from the dailies. I am interested in knowing whether you knew anything about their drug trafficking and anybody associated with them, any discussions about them in Nicaragua or in any of your work that you were doing. Did you know anything, did you hear anything did you understand what they do and how they do it?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I had no direct knowledge whatsoever.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Of the Cali drug trafficking.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Or of the drug trafficking of any other cartel. With regard to what that newspaper stated, I would like to know the date of that report.

Congresswoman WATERS. So you would have no way of knowing that Mr. Meneses was connected to the Cali cartel?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I didn't. I am not a friend of Mr. Meneses.

Congresswoman WATERS. But your son-in-law was, is that correct?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I don't know.

Congresswoman WATERS. Is your son-in-law Mr. Marcos Aguado?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Look, the relationship between Meneses and Marcos Aguado, I think goes back to 1988, 1989—I'm sorry—1988, 1990 or 1991, I am not exactly sure when.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I want to state here that the term son-in-law is an internal, moral, family problem.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I am going to tell you the story behind this.

Congresswoman WATERS. Please.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. My daughter eloped with him without my consent.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. For us Latin Americans, this is a serious thing. For those of us with conservative customs and who have very strong morals, it is a very serious subject.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Perhaps you don't understand what I am trying to say.

Congresswoman WATERS. Oh, yes, I do.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. My friendship with Marcos Aguado was lost.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. That relationship was broken off 1987, 1988, 1989, 1990, 1991, all the way up until 1995 or 1996 when they finally got married.

Congresswoman WATERS. I am not trying to assign anything to this relationship. The fact of the matter is, he was married to your

daughter, with or without your consent. I have an appreciation that maybe you didn't like it, you didn't want it, but the fact of the matter is, he was married to your daughter, is that correct?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Yes, I understand that, and I am trying to explain that as a result of these actions, all ties of friendship that I had with Marcos Aguado were broken off. I have no knowledge of what he has done, and I have no responsibility for whatever actions he may have taken.

Congresswoman WATERS. I see. But was he also chief of the Nicaraguan contra air force?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. He was not the chief of the contra air force, because we in the south were never contras. We fought against the political mistakes that were made by the leadership at the time. Aguado, in 1995-96, was the chief, but there was no structure at that time. They had stolen from us what aircraft we had to be able to evacuate our people who were wounded. This is something that the CIA knows.

Congresswoman WATERS. Let me be the first to admit that none of us may understand the complications of the organization of the contras. We don't even have an appreciation for the fact that you would not fold in with Mr. Calero's organization, when the CIA wanted you to, and this is what caused a rift between you and the CIA. But given that we don't know all of the nuances, what we are trying to do is establish some relationships. When I refer to him as your son-in-law, and then I refer to him as having a role such as chief of the air force, I may not have all of the details, but what I am trying to ask you is, did he have some kind of relationship, did you know of him, of the cause of his leadership with an organization that may or may not have been direct contra, et cetera. You knew about him and what he did.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. You can be assured that up until 1993, 1994, 1995—up until 1996, he had no relationship with any cartel.

Mr. PASTORA. [In Spanish.]

Congresswoman WATERS. No, no, no. No, no, no.

Chairman SPECTER. Let him finish, let him finish.

Are you finished, Mr. Pastora?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I want to finish my response.

Congresswoman WATERS. OK; all right.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. As far as Popo Chamorro's work is concerned—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. And Octaviano Cesar's—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Marcos Aguado was as surprised as I was.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. That is my belief.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. That is the way I see it.

Congresswoman WATERS. Oh, I'm sorry. So what you are saying is that Marcos Aguado was surprised when he learned about the

drug dealing of Popo Chamorro and Mr. Cesar. But what you did not know was Marcos Aguado's connection to Meneses, is that correct?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I didn't know.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. No. The thing is that Marcos Aguado's connection with Meneses was in 1988, 1989, 1990.

Congresswoman WATERS. OK, let—lets—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. When I talk about Marcos Aguado's surprise, I am referring to the connection of Popo and Octaviano Cesar with George Morales.

Congresswoman WATERS. Let me ask, did you know about a business deal between Marcos Aguado and Mr. Meneses where Marcos Aguado sold Mr. Meneses an auto-transport trailer? Were you familiar with the business deal between the two of them?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. That was back in 1988, 1989. At that time, we had broken off relations, we were not speaking to each other. We had no contact whatsoever with each other, and this is something I learned about through newspapers and through comments that I heard.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I was fishing with a line and hook in Manzanillo in Costa Rica.

Congresswoman WATERS. All right.

Well, let me go back and restate a few things. We all know for sure, without a doubt, that Mr. Danilo Bandon was selling drugs in Los Angeles. We all know about the raids on the properties, and we all know that he is A DEA informant. We all know this. He has been, for a long time.

You knew Mr. Danilo Bandon. He gave you some money, and he gave you some pick-up trucks. We know that he was a drug dealer. We can reasonably conclude that the money that you got from him was drug money—profits from drugs that were sold in South-Central and other places. Unless, of course, you know about another way that Mr. Danilo Bandon was earning money.

If you know that he had income from other sources, maybe legitimate sources, perhaps you can share them with us, or we will continue to believe and understand and know that this drug dealer made profits from drugs, and he gave you some of it to help you out.

Do you know anything different? Do you know where he got his money from?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. When I would go through Los Angeles, we're talking about very quick visits I would make through the city. I would stay for 1, maybe 2, at the most 3 days. And people—people, as everyone knows, would have to live there to really know what's going on in a city to know what people are discussing, to know things about other people who live there. I did not talk with everyone when I was in the city of Los Angeles.

When I saw Blandon in LA, this was a man who had a business going, he had a car dealership, and in the 3 to 4 years that I knew him, all the money that he gave me was a total of \$6000—3000 and 3000. This was not an abnormal sum; it was not a sum that was out of the ordinary in any way.

When he helped me out in 1987 or 1988, I was working in a fishing cooperative, and I was in very dire straits, I was really, really, in a very bad situation. He gave me two pick-ups, each of them worth at most \$1500. In fact, I used one of them simply to pay off debts. This, to me, at the time, was normal, it was explainable.

I don't know what his situation was actually. All I can say is that when I saw him in his business, he had a dealership and I saw 20, 30, maybe 50 cars in that dealership. It looked like he was doing well.

We knew of him as a man who had always had money. In fact, he was regarded in Nicaragua as a millionaire. He was a member of the Blandon family, a family that had always been very well to do.

If his contributions to me had been 60 or \$100,000, that would have been a very different story. But with 3 and \$3000 dollars, we're talking about peanuts. His story was not unlike that of many other people who gave us small contributions, simply so that they could brag that they had made contributions to us and they could say, we gave money to Commandante Cero.

Congresswoman WATERS. All right, let me just try to wrap this up.

You knew Mr. Danilo Blandon. You lived in one of his houses. You knew Mr. Meneses. Your relative was somehow associated with him, but it was after your association with your relative, long after you had parted ways. But he was involved in some kind of business with him to buy some transport. I will just inform you that the testimony on record is that that transport was for the purposes of transporting drugs.

But let me just add another to the list of people that you knew who everybody understands are drug dealers, have been convicted or identified. Mr. Jon Hall, the American rancher. Did he not have an airstrip?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Yes.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I did not say yes to everything; I just used the expression yes.

Congresswoman WATERS. But you know Mr. Jon Hall.

Chairman SPECTER. Wait—now, wait a minute. Let him finish, Congresswoman Waters.

Mr. PASTORA. [In Spanish.]

Congresswoman WATERS. Yes.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I knew Jon Hall, I knew of that air strip. But when I say I knew or knew of, I am simply saying that these are things that I saw.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I have seen Norwin Meneses twice.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. We are not friends, I do not know him, and we have never had any kind of relationship.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Jon Hall, the farmer, rancher, land owner.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I have no reason to lie about him or hide anything about him.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. He came here many times to propose that I had to be done away with, and I don't want to use any foul language here.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. He hated me.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. He used to say that I was a communist.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. But coming here and saying that I know of him being involved with drug trafficking is something I cannot do. I am not aware of that.

Congresswoman WATERS. Last two questions.

You volunteered that you knew about or heard about Danilo Blandon's relationship to the DEA. And on Meneses. Which one of them did you refer to as taking an unauthorized trip to the United States for the purposes of drug dealing? Who were you referring to?

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. In the newspapers, and that is the only information that I have—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. In Nicaragua, all of this story about Norwin Meneses came out.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. And with regard to Danilo Blandon—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. Considering everything he's done—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. Only having been in jail for 1 year—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. And on top of everything, he was even able to save money—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. That's something that leads to comment among people.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. And to statements.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. That he, too, was a DEA informer.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. All of this is gossip, hearsay, tales—none of this has any kind of objective backing whatsoever.

Congresswoman WATERS. Finally, did you hear the gossip and the tales about the airstrip and what do you understand was coming into that airstrip and going out of that airstrip of Jon Hall's in Costa Rica?

Mr. PASTORA. [In Spanish.]



Ms. ARIZU. Well, at that time, we're talking about 1986, 1987, 1988, 1989—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. There was talk about two airstrips.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. John Hall's airstrip.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. One airstrip that had been built in Guana Coste[?], Costa Rica.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. Jon Hall's airstrip was shut down because he—he was being persecuted by the Costa Rican authorities.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. It was used in 1984, 1985, and 1986.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. The other airstrip—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. Was built—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. It was built for political reasons.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. As we in ARDE had an airstrip in the south—

Mr. PASTORA. [In Spanish.]

Ms. ARIZU [continuing]. The other resistance movement was obliged to build an airstrip in Guana Coste.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. I am not aware of any information on those two airstrips. I have had absolutely no dealings with the CIA, I know nothing at all of their movements since 1984.

Mr. PASTORA. [In Spanish.]

Ms. ARIZU. As of mid-1986, I have had no dealings with anything or anyone at all, and all I have been doing is fishing with a line and a hook in the sea.

Congresswoman WATERS. Mr. Chairman, if you will just indulge me one last.

According to witnesses—

Chairman SPECTER. I would, Congresswoman Waters, like to bring it to a close. We have been over this ground considerably, but if you have another question, proceed.

Congresswoman WATERS. Thank you.

According to witnesses before the Kerry Committee, Octaviano Cesar and Mr. Chamorro participated in arranging the smuggling of two shipments of cocaine, 400 kilos each, from Costa Rica, by way of the dirt airstrip of Jon Hall, to Florida, in the late summer of 1984. According to the testimony of witnesses and participants, one of those flights that landed at a public airport in south Florida, due to the fact that, according to the co-pilot, both Octaviano and Popo, had assured Morales that the flight was to be protected by the CIA.

Can you comment and have you heard anything regarding their activities with Mr. Morales in the summer and early fall of 1984? That's it.

Chairman SPECTER. This is your last chance, Mr. Pastora.

Mr. PASTORA. No.

Chairman SPECTER. Thank you very much, Congresswoman Waters.

The Intelligence Committee will be proceeding with our inquiries further. This has been a very unusual hearing, and this is a very unusual matter. We have heard a number of comments from people in the audience, and anybody who wants to come forward, we'd be glad to take whatever information you have or whatever suggestions you have. There were some comments about a number of witnesses. When Director Deutch was in Los Angeles, a number of people made comments from the audience, and we are pursuing issues which they have raised. What we are trying to do is to separate the gossip, the hearsay, and the tales from what the facts are.

I was determined at our hearing on October 23, when we had a much bigger audience and good deal more response, not to have the story of the hearing the people—this was a closed up hearing or that it was a cover up where people were excluded. As you saw when the police officers came forward, I wanted them to move away. I don't want to have the conclusion of this hearing that anybody was tossed out or anybody didn't have a full say. Congresswoman Waters has done a lot of work on this matter, which know and respect. When she said she wanted to have some questions, we invited her here. We do have proceedings where there are joint hearings with the House and the Senate. She is a Member of the U.S. Congress, and in my discretion, it seemed to me appropriate to have Congresswoman Waters join us and she had quite a lot to say, and a lot of latitude on questions and comments and her own views, and she is entitled to them. As my friend, Senator Simpson, used to say, everybody is entitled to their own opinions, not their own facts necessarily, and that's what we want to try to find out, what the facts are.

But if anybody here has anything further that they want to call to our attention, step forward and we will listen to you.

Thank you very much, that concludes our hearing.

Just come forward and the staff will talk to you.

[Thereupon, at 1:18 p.m., the hearing was concluded.]

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