

## Cocaine mafia says: 'I'm a Contra, too'

by Jeffrey Steinberg

Beginning in 1984, in an effort to revive its already discredited policy of support for the ragtag Contra forces combating the Sandinista regime in Nicaragua, the Reagan administration launched an ambitious campaign to expose the Nicaraguan junta's active role in running cocaine into the U.S.A. in conjunction with Colombia's notorious Medellín cocaine cartel. The U.S. government in July 1984 seized \$43 million in cocaine as it was offloading at a Florida airstrip, and obtained undercover surveillance photographs of a top Sandinista official, Federico Vaughn, supervising the loading of cocaine onto a U.S.-bound plane at a Sandinista military air base near Managua. Vaughn, along with Colombia cocaine lord Pablo Escobar Gaviria and four others, was indicted by a federal grand jury in Florida in late 1984.

On Feb. 19, 1986, the chief witness against Vaughn, Escobar Gaviria, and the others, a former U.S. Green Beret and commercial pilot named Adler Berriman Seal, was assassinated in Baton Rouge, Louisiana. U.S. federal officials were complicit in the assassination. Despite the loss of a crucial witness, the Department of Justice on Nov. 18, 1986, unsealed a 39-count indictment in the U.S. District Court for the Southern District of Florida, charging Vaughn and the entire leadership of the Medellín Cartel with cocaine trafficking and murder conspiracy.

Far from merely scoring propaganda points against the Sandinistas, the 1986 indictments signaled a serious push to break the back of the Colombia cocaine connection. Yet at the same time, U.S. officials were backing the Contras, *who are part of the identical cocaine trafficking organization*, enjoying access to the same Medellín Cartel, and, utilizing some of the very same Caribbean and Swiss dirty-money-laundering facilities and the same "Israeli Connection" to convert dope profits into arms purchases.

Long before "Irangate," *EIR* warned that President Reagan risked the biggest scandal of his presidency, if he continued with his "I'm a Contra" policy. Even in the absence of the now voluminous evidence in the possession of the government, *EIR* characterized the Contra-Sandinista struggle

as an internal fight within the Central American branch of Dope, Inc., and urged that Reagan drop the Contras before his entire War on Drugs policy wound up in shambles. The Central American drug trade, we said, is run jointly by an East-West condominium, which is using its millions in dope profits to turn the region into a killing field reminiscent of Southeast Asia, vintage 1971. In the case of the Contras, the evidence is overwhelming, linking them to the Soviet Union and Cuba, as well as to the Eastern Establishment faction in Washington known as the "bankers' CIA."

Other sources have also pointed to the Contra-drugs connection. In March 1986, months before Irangate or Contragate became household words, the Washington, D.C. Christic Institute filed a civil suit in the Southern District of Florida on behalf of two Costa Rican-based journalists, Tony Avirgan and Martha Honey, who were injured as the result of a May 30, 1984 bomb attack on a press conference being given by Eden Pastora at La Penca, Nicaragua. Named as defendants in a seven-count amended complaint filed Oct. 3, 1986 are the entire leadership of the Contra movement, such National Security Council consultants and staffers on the Iran and Contra projects as Albert Hakin, Maj. Gen. Richard Secord (USAF-ret.), and Gen. John K. Singlaub (USA-ret.), and Medellín Cartel leaders Escobar Gaviria and Jorge Ochoa.

In a highly unusual 95-page affidavit filed with the court on Dec. 12, 1986, Christic Institute General Council Daniel Sheehan presented the results of a three-year private investigation into the Contras, drawing upon 78 separate witnesses, including former CIA covert operative Edwin Wilson and a dozen unnamed former and active top CIA and Pentagon officials.

Among the allegations detailed in the affidavit is the use of a ranch in Costa Rica belonging to John Hull, a contract agent for the NSC, as a transshipment point for Colombian cocaine bound for the United States, and for U.S. and other arms going to the Contras. Felipe Vidal and Rene Corbo—both Cuban-American veterans of the Bay of Pigs—are named by Sheehan as the architects of the cocaine-for-arms activities, acting on behalf of Escobar Gaviria and Ochoa. Miami, New Orleans, and Memphis were cited as the U.S. centers of the coke trafficking. In Miami, according to Sheehan, Francisco Chanes, Frank Castro, and Rolando Martina, all partners in a pair of seafood importing companies and all activists in the Cuban exile and Contra efforts, brought in tons of cocaine via the Vidal-Corbo route.

Sheehan points to a U.S. intelligence network, including Assistant Defense Secretary Richard Armitage and others, which has been up to its ears in the Contra drug-running, as it had previously been in Laos, during the Vietnam War era.

Is the Sheehan affidavit credible? According to a wide variety of public sources, and an *EIR* probe, many of the pieces check out.

● According to the *Wall Street Journal* of Jan. 15, Department of Justice officials in Miami have confirmed Rene

Corbo's role in shipping equipment to the Contras' resupply base at Ilopango Air Base in El Salvador. The CIA station chief in Costa Rica confirmed to law-enforcement officials last year that Hull's ranch had been used to funnel supplies to the Contras for years.

● Another *Wall Street Journal* article one week earlier bared one of the major drug connections to the Contra supply lines—a connection that begins also to raise serious questions about the East-West entanglements in the Central America guns-for-dope business. According to intelligence sources cited in a Jan. 8 article by David Rogers and John Walcott, one of the key shell companies involved in managing the Contra supply operations at Ilopango was a Panama-registered firm, Amalgamated Commercial Enterprises, incorporated in November 1984. ACE was a money-laundering outlet for Southern Air Transport, a “former” CIA proprietary company responsible for many of the illegal Contra supply flights—including the Oct. 5, 1986 flight shot down over Nicaraguan territory that led to the arrest of pilot Eugene Hasenfus—and for the arms shipments to Khomeini in 1985 and 1986 that were at the center of the arms-for-hostages deal cooked up by the Israeli Mossad and the Reagan National Security Council.

All of the identified officers and directors of ACE are employees of International Management and Trust Corporation, another Panamanian firm created by Hungarian-born Panamanian businessman Steven Samos (see article, pp. 34-35). As reported in both the Panamanian press and an *EIR* White Paper issued last year, Samos was at the center of a Mossad-linked drug-money-laundering apparatus that deployed hundreds of millions of dollars on behalf of a Cuban-American marijuana smuggler, José Antonio Fernández, between 1976-81. Some of that money went to the illegal purchases of at least two Florida banks—Dadeland Bank and Sunshine State Bank.

Is there a continuity from the Samos-Fernández dope-smuggling and money-laundering efforts into the Contra connection of today? Even on the surface, the answer is “yes.” In early 1981, as U.S. authorities were closing in on Fernández, his entire operation was taken over by the Medellín Cartel group under Pablo Escobar Gaviria. Among the Escobar Gaviria “heavies” used to take over the Samos-Fernández organization, was the same Frank Castro named in the Christic Institute litigation.

The Samos trail weaves into the biggest and most enigmatic “U.S. connection” into the Colombian and Bolivian cocaine and marijuana cartel, a connection that U.S. Attorney General Edwin Meese has labeled the biggest cocaine ring ever nabbed by U.S. authorities. The ring includes:

● A Samos business associate in oil tax-evasion schemes named Leo Israel Bloom, of Reading, Pennsylvania. Reportedly a financial backer of Israeli mafia figure Gen. Ariel Sharon, Bloom has been identified by intelligence and law-enforcement sources as the “Reading-Scranton connection”

of a multibillion-dollar guns-for-drugs apparatus associated with Harold Rosenthal. Rosenthal is serving a life sentence at the federal penitentiary in Atlanta for marijuana and cocaine trafficking and for ordering the 1984 assassination of Colombian Justice Minister Rodrigo Lara Bonilla. That assassination was carried out by hit-men from the Medellín Cartel. That Cartel, according to the Christic Institute suit, put a \$1 million contract out through the John Hull-Contra group, against former U.S. Ambassador to Colombia Lewis Tambs. Tambs was a close collaborator of Lara Bonilla in the Colombian government's crackdown on the narco-terrorist apparatus. Tambs was reassigned from Bogota to Costa Rica as the result of the threats to his life.

Incredibly, Rosenthal's sole defense in his 1984 case, in which he was convicted of running a private air force that brought billions of dollars worth of cocaine and marijuana into the United States, was that he was working for the CIA to penetrate Marxist guerrilla groups in South America.

Bloom, like Samos a graduate of the Wharton School of Business, set up Dome Insurance on St. Croix in the U.S. Virgin Islands as a money-laundering channel that was linked in a December 1985 New York federal indictment to an oil tax-evasion scheme run by the Brooklyn-based, KGB-controlled Russian Jewish mafia. One of the key companies named in the indictment, Houston Holding, Inc., was incorporated in Panama by Steven Samos.

Intelligence sources have linked Bloom to a Scranton-Wilkes Barre, Pennsylvania company, Air America, Inc., that was busted in July 1986 for bringing 7.5 tons of cocaine into the United States from the Medellín Cartel. Air America, Inc. was named after the well-known Vietnam-era CIA proprietary; its president, Frederik John Luytjes, started out as the chief pilot for an arms exporting outfit in Scranton. The entire network has been unofficially linked by Drug Enforcement Administration agents to the Rosenthal ring, which in turn is believed to be virtually identical to the Contra-cocaine connection into the Medellín Cartel. Unofficially, these sources have told *EIR* that the entire nexus of air transport companies, including Southern Air Transport, Air America, Inc., etc., is central to the guns-for-drugs traffic fueling the Central America conflict.

### **All roads lead to Vesco**

As the result of initial investigations conducted by the U.S. Congress and the Department of Justice, the Geneva and Tel Aviv operations of the weapons-trafficking apparatus servicing both the Contras and the Khomeini regime, have been publicly exposed. Now, if the House and Senate Select Committees and Independent Counsel Lawrence Walsh rigorously pursue their mandates, the actual center of the “Contra-Khomeini connection” will likely be traced to the Havana, Cuba compound of Robert Vesco.

Back in 1970-72, Vesco was hand-picked to take over the Swiss-based money-laundering empire of Bernie Corn-

field: Investors Overseas Service. IOS was a favorite dirty-money sieve of the Caribbean-centered organized crime empire of the late Meyer Lansky. According to Cornfield himself, the New York law firm of Willkie, Farr, and Gallagher—under the direction of senior partner Kenneth Bialkin and the firm's Geneva-based representative Willard Zucker—ran the Vesco takeover and the ultimate disappearance of hundreds of millions of dollars. That money would be the basis for Vesco's mid-1970s emergence as the fugitive kingpin of the Western Hemisphere drug empire, now centered out of the Medellín Cartel.

Circumstantial evidence suggests that as part of this Vesco maneuver—in effect an upgrading of the Lansky apparatus—Zucker, the Geneva business partner of Vesco's law firm, in 1971 founded Compagnie de Services Fiduciaires,

the very same CSF used by the Mossad and the National Security Council to launder funds derived from the arms sales to Iran, funds in part diverted to arm the Contras. CSF maintained the Geneva accounts for Stanford Technologies International of Gen. Richard Secord and Iranian businessman Albert Hakim.

These days, Vesco is operating out of Havana. He has been identified as the architect of Castro's and the Sandinistas' involvement in the drug trade. In fact, Vesco has been identified by U.S. government sources as the controller of Federico Vaughn, the former deputy interior minister of the Sandinista junta. Vesco is certainly the "Cuban connection" to Carlos Lehder Rivas—another indicted member of the Medellín Cartel, whose business ties to Vesco date back to 1978, when the two established a drug route between the

## Who's who in the Contra cocaine traffic

### Nicaraguan Democratic Force (FDN)

Based out of Honduras, the FDN grew out of the initial mercenary group recruited by the CIA in 1981. The FDN has received the bulk of U.S. and Israeli training, financing, and supplies, and today is by far the largest of the Contra operations, numbering an estimated 12,000-15,000 men, under the command of former National Guard officer **Enrique Bermúdez**. A majority of the FDN military command are former National Guardsmen. **Adolfo Calero** is president of the FDN's directorate and a member of the triumvirate ruling the Unified Nicaraguan Opposition (UNO), a Contra umbrella group founded in 1986 on U.S. orders. Both Bermúdez and former Coca-Cola Company manager Calero have been described as having long-standing CIA ties.

U.S. officials have been adamant that no FDN narcotics trafficking exists. In April 1986, Assistant Secretary of State Elliott Abrams testified to Congress that the FDN has no ties to the drug trade. Calero dismissed the charges, with the wild lie that Honduras "has never been known as an outlet for drugs." The record speaks otherwise.

- As the direct creation of the secret deal between Ariel Sharon and Alexander Haig, the FDN is advised by **Gen. (ret.) Gustavo Alvarez**, who protected cocaine-smuggling networks within the Honduran military.

- Five American supporters of the rebels reported to Associated Press in December 1985, that FDN bases set up in Costa Rica, which are advised by members of the **Cuban-American Brigade 2506**, have established a major cocaine transshipment route. Details of that operation

were subsequently released in the Christic Institute's Miami conspiracy suit against Contra backers, alleging that up to one ton of cocaine a week enters the United States through this network.

- A November 1986 raid by Honduran police on a marijuana farm located next to one of the FDN's main base camps near Capire, found three Nicaraguan exiles working the farm, including **Pastor Rivera García**, who identified himself as an FDN intelligence officer. The police report mentions at least 10 cases of Contra involvement in drugs since 1985, and those arrested gave further information on the extent of FDN drug trafficking.

- A federal law enforcement official is prepared to testify, if asked, that FDN Commander **Enrique Bermúdez** escaped arrest in Honduras after being tipped off that a scheduled drug deal was a police trap, set by police officials who knew that "he had been actively trafficking in cocaine," according to an unreleased memo prepared by Sen. John Kerry's (D-Mass.) staff, Reuter reported on Jan. 9.

### Southern Opposition Bloc (BOS)

The BOS is the newest of the Contra groups, formed in July 1985 by the merger of several factions of the Democratic Revolutionary Alliance (ARDE) and other Costa Rican-based groups. Its leadership is primarily drawn from exiled former Sandinista officials, many of whom, like **José Dávila** and **Eden "Zero" Pastora**, led the Pepe Figueres-financed Southern Front of the Sandinistas in 1979.

The administration has evidence implicating ARDE officials in drug-smuggling, Abrams testified in congressional hearings in March 1986. Nonetheless, the majority of the BOS commanders, including former ARDE leaders, joined the UDN/FARN (see below) in the spring of 1986, in order to meet CIA conditions that they join the

Bahamas and southern Florida, in the footsteps of Meyer Lansky.

Vesco still has the time to run multimillion-dollar real estate scams inside the United States—this time through a Swiss company, Terra Invest, controlled by him out of Sofia, Bulgaria, the capital of East bloc organized crime.

And when an American visitor wishes to cross the Sugar Cane Curtain and confer with Vesco in Havana, the preferred "safe channel" for making the contact and travel arrangements is former Costa Rican President "Pepe" Figueres. A veteran of the old Caribbean Legion that also included Fidel Castro, Figueres is an old-time asset of the bankers' wing of the CIA, tied to the drug-peddling United Fruit Co. (now United Brands) and to the American Institute for Free Labor Development (AIFLD). Figueres is known as the initial fun-

der of the entire southern front of the Contra operations.

Even more to the point, U.S. military sources have told *EIR* that the brother-in-law of former Costa Rican President and Figueres' protégé Monge, David Yankelovitch, is heavily involved in the Contra arms-supply operations. He had also been a business partner of Mata Ballesteros, the top Honduran drug-runner who is a kingpin of the Colombia-Mexico drug connection. The two set up a series of shell companies to launder dope money.

According to sources intimately familiar with the Contra operations, Pepe Figueres's ranch, "La Lucha Sin Fin," houses a secret arms refurbishing plant which regularly receives shiploads of guns from the East Coast of the United States. Those arms are sold to the highest bidders in the Central American conflicts, especially to the Contras.

UNO coalition in order to receive CIA monies.

Today the BOS is headed by the former head of the Sandinista Central Bank, Alfredo Cesar; it holds observer status in the Socialist International, and recently agreed to join the U.N.O. also. Military commanders from the Miami-based Nicaraguan Coalition in Opposition to the Regime, a group of former National Guardsmen split from the FDN, will soon join the BOS forces, to "reactivate" its military forces, BOS leaders announced in December.

### **Nicaraguan Democratic Unity/ Nicaraguan Revolutionary Armed Force (UDN/FARN)**

Led by **Fernando "El Negro" Chamorro**, the UDN/FARN formed part of the ARDE coalition, until it split out in 1983 to operate independently. At CIA urging, the UDN/FARN's military operations expanded in 1986, when six commanders left ARDE to join "El Negro's" group. A team of 10-50 former members of Brigade 2506 advises this group, which, according to Senator Kerry's report, also received financing from alleged trafficker **Francisco Chanes**.

In January 1983, federal agents seized 430 pounds of cocaine in San Francisco, shipped from Colombia via Costa Rica, in the largest seizure in West Coast history. Thirty-plus members of a Bay Area cocaine ring which had been operating for several years were then arrested. The leaders of the gang were members of the UDN/FARN, and carried documents signed by Contra leaders identifying them as such. One of those convicted, **Carlos Cabezas** (a former member of Somoza's Air Force), testified that he worked with two different Contra groups, and his drug profits "belonged to . . . the Contra revolution." His partner, **Julio Zavala**, stated that he had sent at least \$500,000 to ARDE and the FARN, according to the *San Francisco Examiner* of March 16, 1986.

The UDN/FARN ring worked with **Horacio Pereira Lanuza**, a Nicaraguan nationalized Costa Rican, who is believed by Costa Rican authorities to head the largest trafficking ring operating in Costa Rica, *La Nación* of San José reported Nov. 26, 1986. According to *La Nación's* report, Pereira, who ran night clubs and casinos in Managua under Somoza, has directed a cocaine ring for the past five years operating in Honduras, Costa Rica, Colombia, Panama, and the United States. Sentenced to 12 years imprisonment for drug trafficking by a Costa Rican court in June 1986, Pereira is now a fugitive.

### **M-3 Movement**

The M-3 is a split-off of the ARDE operating in Costa Rica. Its leader, **Sebastián González** (alias "El Guachán") fled Costa Rica after being accused of cocaine trafficking in November 1984. González worked closely with Eden Pastora and the Panamanian "Contra," Hugo Spadafora. Pereira was also González's supplier, *La Nación* reported.

### **Misurata and Kisan**

These two Miskito Indian forces replicate the political divisions between the Somoza-dominated FDN and the ex-Sandinista Southern Front.

Kisan, led by **Steadman Faggoth** and based in Honduras, works closely with the FDN, and has been financed by the Confederation of Associations for the Unification of the Societies of the Americas (CAUSA—the Moonie group working closely with General Alvarez). Misurata, led by **Brooklyn Rivera** and **Armstrong Wiggins**, has attempted several times to negotiate a deal with the Sandinista government. In 1986, one hundred-plus members of the Libyan-financed terrorist American Indian Movement declared themselves "Contras" also, and joined the Misurata fight.