
Book Reviews

The book that could turn Whitewatergate into Bushgate

by Edward Spannaus

Compromised: Clinton, Bush, and the CIA

by Terry Reed and John Cummings

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From at least 1986 on, allegations were circulating in Arkansas that the state was being used for Contra support operations which involved shipments of guns and drugs, and also involved money-laundering operations. During the 1992 presidential election campaign, such stories began to a limited amount of national circulation.

The story was revived on March 25, 1994, when CBS News ran a major feature on allegations that western Arkansas had been a base for Contra support operations involving guns and drugs in the mid-1980s. CBS's story was that Drug Enforcement Administration (DEA) informant Barry Seal had set up Rich Mountain Aviation in Mena, Arkansas in 1983, and had used the Mena airport to smuggle guns to the Contras and to bring cocaine into the United States. CBS also reported on various unsuccessful efforts to have the matter investigated.

Unmentioned by CBS was the recent publication of the new book on the Mena operation written by Terry Reed, a pilot who was directly involved in the operation, and by *Newsday* investigative reporter John Cummings.

No such hesitancy was shown by the London *Sunday Telegraph* two days later. It featured a photo of the jacket cover of the Reed-Cummings book with its title *Clinton, Bush and the CIA* quite prominent, with a caption reading: "This book could topple the President." The kicker on the article read: "After the troubles of Whitewater, the White House faces even more damaging charges that Arkansas's former governor was a CIA stooge."

After reviewing Reed's allegations on Mena, money-laundering, Clinton's ties and disputes with the Central Intelligence Agency and so on, author Ambrose Evans-Pritchard

wrote: "If the book comes to be accepted as broadly true, President Clinton may be walking the plank within months."

To anyone familiar with the Reed-Cummings story, Evans-Pritchard's distortions of the book are hilarious. Pritchard assiduously avoids mention of the central thesis of the book: that Clinton permitted these secret CIA operations to operate in Arkansas at the request of the Reagan-Bush administration. The truth is that the Reed-Cummings book is far more damaging to George Bush than to Clinton; in fact Reed reports that Bush attempted a "coup" against President Reagan.

No wonder that CBS—up until the April 20 *Wall Street Journal*, as we shall see below—has been the only major national media to touch the Mena story. Where are the neo-conservatives, who have been so quick to jump on every imagined scandal about Clinton? Where are the Republicans in Congress, who have been demanding hearings to bring every detail of the Whitewater affair into the circus atmosphere of a televised inquisition on Capitol Hill?

Is it because Terry Reed's story, if seriously investigated, would do what the official Iran-Contra investigations never did: show that the Contra operation was a major source of drug-running into the United States, run under the direct supervision of George Bush? Is it because Reed's story shows that the very least of Lt. Col. Oliver North's offenses was what he was officially charged with: lying to Congress? Is it because Reed's story could destroy George Bush, once and for all?

Terry Reed's story

Reed was trained in Air Force Intelligence in the late 1960s, and served on secret projects in Southeast Asia from 1969 through 1975, after which he went into the machine tool manufacturing business in Oklahoma.

Around 1980, Reed was asked by the Federal Bureau of Investigation to monitor his Hungarian business partners in the machine tool business. Then in early 1982, Reed was handed over to what he was told was the CIA. He was introduced to a "John Cathey," who identified himself as working for the CIA. Cathey first asked Reed to gather information

on a company believed to be exporting sensitive technology to the U.S.S.R.

Then in March 1983, Cathey briefed Reed on something called "Project Donation," which involved private citizens "donating" airplanes and other items to the Contra support operation, by declaring them stolen and then filing insurance claims. Reed says he turned down the offer. When his plane was stolen from its hanger in Joplin, Missouri a few weeks later, Reed says he didn't make the connection. In August 1983, when Reed and his partners decided to move their machine tool company to Little Rock, Arkansas, "Cathey" again contacted Reed and told him that the CIA had a project in Little Rock, and directed Reed to contact one Barry Seal.

Reed did so. Seal told him that Arkansas was being turned into a CIA "proprietary." A major legitimate arms manufacturer had moved to Arkansas to produce weapons for the Contras. Other companies were being used to provide the critical parts to convert AR-15s to fully automatic M-16s, which had to be done without federal inspection or end-user certificates.

When Seal learned that Reed had experience in flying and conducting air drops in Southeast Asia, he brought Reed into a second operation, which involved training Nicaraguan Contra pilots in precision air-drop techniques. Two classes of Contra pilots were "graduated" from the training program, conducted at Nella, in a remote area near Mena in western Arkansas.

Seal told Reed that he himself was flying weapons from Arkansas to Central America, and was bringing large amounts of cash back. Weapons were shipped into Mena by barge on the river system controlled by the Army Corps of Engineers to Fort Smith, and then into Mena for shipment to Central America. Many of these weapons originated with the Army and the Arkansas National Guard.

According to Reed, the Arkansas Development Financial Authority (ADFA), which has figured in many recent Whitewater stories, would issue low-interest loans to other companies involved in secret military and CIA production. Reed says that the CIA was bringing in about \$9 million a week (!) into Arkansas. Much of this money was "laundered" through the ADFA, to provide the basis for industrial development bonds issued by ADFA.

Moving to Mexico

Because of Reed's familiarity with manufacturing processes, he was asked by his old friend William Cooper, who was working for the CIA proprietary Southern Air Transport (SAT), to draw up a business plan to build a machine tool manufacturing plant in Mexico, which could be used as an intelligence front and a vehicle for arms shipments worldwide. Reed found that the CIA was particularly interested in his KGB-linked Hungarian business contacts who were already operating in Mexico. To Reed's surprise, when he discussed bringing in a company with East bloc ties, his handlers, including "Cathey," began panting.

In August 1985, Cathey arranged for Reed to meet a CIA

agent named "Max Gomez" in Mexico. Gomez told Reed that he had been hand-picked by the White House to set up an operation in Mexico which could be used to transship weapons to the Contras. Gomez admitted he didn't know anything about manufacturing, so he needed Reed's expertise.

("Gomez," as Reed later learned, was actually Felix Rodriguez, a longtime CIA agent who bragged of his close ties to Vice-President George Bush. Rodriguez's boss in the old days in Southeast Asia was the CIA official whom Bush brought in as his national security adviser, Donald Gregg. It was Gregg who brought Rodriguez into the White House/National Security Council apparatus which became known as "The Enterprise.")

Barry Seal's story

A few months later, Barry Seal told Reed that the "CIA" was getting ready to pull the plug on the Arkansas operation. Seal also told Reed the Agency wanted to expand his Mexico plan to include the actual manufacturing of weapons there for sale to Third World countries.

Seal took Reed to a meeting in Panama in December 1985 to plan out the Mexico project. Gomez had Reed's Mexico business plan in his hands, as well as Reed's correspondence with one "Robert Johnson." (Johnson had called Reed a few months earlier, identified himself as a lawyer with Southern Air Transport, and said that he would be reviewing Reed's plans for the Mexico operation. Only years later was Reed to learn that "Johnson" was actually William P. Barr, a "former" CIA employee who later became George Bush's attorney general.)

Another participant in the Panama meeting was "a possible foreign investor" identified as "Pat Weber"—who Reed later learned was Amiram Nir, an Israeli counterterrorism officer who figured prominently in the Iran side of the so-called "Iran-Contra" affair.

Flying back to Arkansas from Panama, Seal told Reed that he had been blackmailing many people, including, he suggested, the CIA. Seal claimed to have gotten information from the Medellín Cartel that Bush's sons were involved with drugs and were in the dope business. Seal went on to say that he could prove this, that he had "names, dates, places," and even tape recordings and "surveillance videos catchin' the Bush boys red-handed."

Seal then explained that the Republicans were trying to "neutralize" some of the Democrats in Arkansas, and particularly the Clinton crowd, before they could use the information against Bush. Seal's assignment, he said, was to "dirty up" some people close to Clinton, which he did by delivering drugs to Little Rock bond dealer Dan Lasater; this resulted in drug charges being brought against Lasater and Roger Clinton, the governor's brother. Seal had told Reed that his own dirty operations were part of the plan to shut down the Arkansas secret project, and move part of it to Mexico.

About two months later, on Feb. 19, 1986, Seal was shot to death in Baton Rouge, Louisiana. Reed believes this was because Seal knew too much, and that he had become a liability to Bush and the CIA.

Shortly after this, according to Reed's story, there was a showdown between Clinton and the White House/NSC/CIA gang. This meeting took place in an ammunition bunker at Camp Robinson near Little Rock, and included Cathey/North, Gomez/Rodriguez, and "the man in charge," Robert Johnson, who ran the meeting as William Casey's personal representative. Johnson's purpose was to extricate Washington from what was becoming a messy situation in Arkansas. There were widespread rumors all over the place about the dirty operations; too much was becoming exposed. Johnson promised to fix any federal investigation, but he informed Clinton that the operations were being pulled out.

Operation 'Screw Worm'

As the Arkansas projects were phased out, Reed was put in charge of the Mexican manufacturing project, code-named "Operation Screw Worm," and he moved his family to Guadalajara. Although Reed had a CIA controller on the scene, the individual who seemed to be actually running the operation was Bush's man "Gomez"—Felix Rodriguez.

The project was much bigger than the Contra operation. The intention was to create a global arms network which would expand its ties with East bloc arms dealers and intelligence agents.

But on Oct. 5, 1986, the Contra supply operation came in for some unwanted exposure. A C-123 cargo plane being operated by Southern Air Transport was shot down over Nicaragua. Eugene Hasenfus, the "kicker" who pushed the cargo out of the plane, was the only survivor; Reed's friend William Cooper, who was flying the C-123, was killed along with two other crew members. (It is not mentioned by Reed, but it is documented through later testimony, that the first notification of the missing plane came to Bush's office from . . . Felix Rodriguez.)

After the downing of the SAT flight, Operation Screw Worm in Mexico was temporarily put on hold, but it was soon started up again on an accelerated basis. In early December, at a meeting with Rodriguez and "Pat Weber" (Amiram Nir), Rodriguez said they had the go-ahead to immediately jump from Phase 1 of the plan (setting up the machine-tool manufacturing plant) to Phase 2 (weapons manufacturing).

Nir said he could expedite matters in Mexico. "Max and I both have friends in high places in the state of Michoacan," Nir said, and he directed Reed to go to the resort town of Zirahuen for a meeting with the governor of Michoacan, Cuauhtémoc Cárdenas. Rodriguez told Reed that Cárdenas "is in our pockets and I am personally paying him a lot of Agency money to make this project happen." Reed did meet with Cárdenas and explain his requirements, and Cárdenas did make things happen.

Amiram Nir's story

The true identity of "Pat Weber" was disclosed to Reed by his KGB-linked Hungarian business partner, who also told him that it has been from a Soviet KGB agent that Barry Seal had obtained the compromising video of Bush's children's involvement with drugs. About this same time, because of the publicity around the "Iran-Contra" hearings, Reed also learned the true identity of Cathey/North and Gomez/Rodriguez.

These were only a few of the surprises in store. In late Spring 1987, Reed and his partner discovered that unauthorized shipments were being shipped from their plant to the United States. They then found that the shipments in the warehouse in Guadalajara contained large quantities of cocaine. Through his contacts, Reed confirmed that Felix Rodriguez and the CIA were trafficking in drugs, and that the KGB was also well aware of this.

Then, one day in July 1987, Nir showed up at Reed's warehouse, very frightened, and claimed that the entire CIA operation was out of control.

Nir told Reed that he believed that Rodriguez was a double agent. Rodriguez was compromised years ago in Southeast Asia. Reed already knew that it was common knowledge that the communists were trying to lure Americans into the narcotics trade in order to compromise them and convert them into double agents. Nir confirmed this, and said that when the CIA found that Rodriguez had been compromised, they decided to use him as a triple agent. He was investigated, but then released. The reason was that Rodriguez and his supervisors were all trafficking in drugs out of the Southeast Asian Golden Triangle.

To Reed's shock, Nir then said that he was convinced that Rodriguez was responsible for the downing of the C-123 with Hasenfus, Reed's friend Cooper, and others on board. Months before that, Rodriguez had boasted that he was also responsible for the killing of Barry Seal. Nir said in fact the C-123 was not shot down. Cooper and Sawyer were dead before it crashed. It was probably blown up after crashing, and after Hasenfus bailed out. Conveniently, the plane had lots of CIA classified documents on board. Hasenfus had "confessed" about his work for the CIA; he was convicted and then released a few months later. What was the purpose? To show that President Reagan would break the law, and to force his impeachment.

Why get rid of Reagan? Here's where Nir's story, as retold by Reed, gets really interesting. "We think your country has had a quiet, internal coup," said Nir. The problem, he said, was that Reagan was "hell-bent on destroying communism." This might seem like a good idea. "But if you look deeper, as we Israelis have, destroying or even crippling the U.S.S.R. is not a good idea. As we know in the Middle East, you need a balance of power. Two rival countries, or even more than two, are much easier to manipulate and control than one. . . . It is not intended for either the U.S. or the U.S.S.R. to dominate completely."

Reagan is therefore a threat to world peace, Nir continued. The Israelis see it this way, but they think they are being set up. Bush is now in charge of the United States, and he is trying to overthrow Reagan. It's a coup, plain and simple. If Reagan succeeds in destroying the U.S.S.R., Nir went on, the world will be a much less stable place. Instability, such as exists in the Middle East, will spread. Bush understands this. The CIA is aligned with, and agrees with, Bush.

Along comes a President who is a Hollywood cowboy, determined to kick the communists out of Nicaragua. The CIA and Bush recognize they have to stop this madman. This is why the shoot-down of the C-123 was staged, to prove to the world that Reagan will violate the law and lie to Congress.

But, something has gone wrong, Nir continued. Reagan has not been impeached. Attorney General Edwin Meese and Secretary of State George Shultz have been able to contain the scandal. People close to Reagan are trying to drag the Israelis in, by tying the Contra operation to the Iran operation, calling it "Iran-Contra," which puts the media spotlight on the Middle East and Israel.

Nir was very worried that the CIA was continuing Operation Screw Worm in Mexico as if nothing had happened. "And we're afraid we'll now be exposed as an accomplice in all of this. That wouldn't appear kosher to the world for Israel to be conspiring with elements of the CIA, KGB, and DFS (Cuban intelligence) to arm the Third World."

This was Reed's last contact with Nir, who was mysteriously killed in a plane crash in November 1988.

Soon after, Reed fled to the United States with his family. Once back home, he contacted Oliver North, who told him to lay low and not to come to Washington as Reed wanted to do. In July 1988, he learned he and his wife Janis had been indicted by the federal government on charges of mail fraud. Two days before he was to go to trial, the federal government invoked the Classified Information Procedures Act (CIPA) as a result of subpoenas he had issued for the CIA, FBI, DEA, FAA Intelligence Division, etc., as well as Oliver North and other individuals.

At a hearing on June 1, 1990, the prosecutor outlined areas of classified information which were potentially involved in responding to Reed's subpoenas. This included information from the FBI, FAA Intelligence, DEA, and "information potentially that would be brought out on direct or cross, particularly that of Oliver North, Jack Blum, and Robert Johnson."

On this basis and after a review of all the evidence, the judge entered a verdict of acquittal for Reed, saying that no reasonable jury would have found him guilty.

The Bush-North coverup

It is impossible to vouch for the accuracy of everything in Reed's account. But if one applies the test of consistency—that is, if what Reed reports consistent with known events of that time period—it holds up. Furthermore, Reed's story is consistent with a lot of what was going on in the Bush-

North-Second "Enterprise" which is not well known.

Unlike many journalistic accounts of the "Iran-Contra" affair, Reed does not buy into the myth that Oliver North was the mastermind of the whole operation. For Reed, North was an operative running certain projects on behalf of others in the CIA and the White House. There is never any suggestion here that North took any of these initiatives on his own.

The Reed-Cummings account also draws a sharp distinction between Ronald Reagan and George Bush—which is entirely accurate. In Amiram Nir's view as related by Reed, Oliver North probably fell closer to Reagan than to Bush—which may be true on the ideological issue of bringing down the Soviet Union—but in reality, what North did, including his collaboration with East bloc arms dealers and with Central American drug runners—puts him in the Bush camp.

North himself has enjoyed perpetuating the myth that he was in charge of the Iran and the Contra operations, and that he "took a dive" on behalf of his President, Ronald Reagan.

The myth of Oliver North, the "lone cowboy," was deliberately put into circulation by Meese in his Nov. 25, 1986 press conference in an effort to protect President Reagan. It was at this press conference that Meese linked—for the first time—the just-exposed illegal Contra support operations, with the Iran arms-for-hostages scandal. Meese linked the two operations by revealing that monies from arms transactions between Israel and Iran had been "diverted" to the Contras. (This is what Amiram Nir had been complaining about to Terry Reed.) "The only person in the United States Government that knew precisely about this," Meese declared, was Oliver North. From that point on, the ever-gullible news media jumped pack-rat style onto this newly-coined "Iran-Contra" scandal.

Meese may have thought he was protecting Ronald Reagan, but the real beneficiary of this "diversion" was George Bush. It was Bush who sat on top of the secret "crisis management" structure within the White House, of which North was merely a staff officer. This structure was continuously built up and expanded from 1982 to 1986, so that it ultimately controlled most of the counterterrorism operations and many of the "black" programs within the government.

And this is where the Reed-Cummings book presents a real dilemma for this crowd. They want to use it to bring down Clinton, as Ambrose Evans-Pritchard declared on March 27; but it is very dangerous grounds for the Republicans and neo-cons in the United States to wander around on.

Therefore, the *Wall Street Journal* put out the word on April 20: Keep away from the Mena story. In a signed commentary by Edward Jay Epstein, using the CBS broadcast referred to at the beginning of this review as a pretext, Epstein contended that although there may have been illicit activity going on at Mena in the 1980s, Barry Seal was the only one who knew all about it, and he is dead. "So why waste resources?" It is no wonder that the *Journal* wants to bury this one.