

## **EIR**Feature

# CIA report may revive Bush crack cocaine scandal

by Edward Spannaus

No one should be surprised that the CIA's just-issued Inspector General's Report of Investigation concludes that there was no connection between the CIA and Contra-related drug trafficking in California: *EIR* had warned from the beginning that a narrow focus on the CIA would not only be a blind alley, but would protect the real "kingpin" behind Contra drug smuggling: then-Vice President George Bush.

But nevertheless, the Inspector General's (IG) Report does implicitly revive the issue of the Bush/Ollie North drug ring. As is often the case with reports of this nature, the documentation buried within the report belies the conclusions. There is significant evidence in the report to tie the California cocaine trafficking to the Contras, and to tie this to elements of the United States government. So the question is: If not the CIA, then who?

### **Follow the Bushy trail?**

A little over a year ago, this reporter publicly raised the question with CIA Inspector General Frederick Hitz, that the Contra support operation was run out of the White House, the Office of the Vice President, and the National Security Council, through private contractors and military agencies. I asked Hitz: "If the trail on this drug question dead-ends within the Agency, but leads outside—does your investigation encompass that, and will you follow that trail?"

Hitz responded by saying that "we're going to be absolutely explicit about what it is that we find and we don't find. So if there should be a trail outside CIA that we encounter, we will state that in our own report, recognizing that we probably don't have the mandate to take it in certain areas."

"We hope we're going to be able to get a pretty complete picture, and we'll just have to see where it goes," Hitz added. "All we can do is to tell the story as completely as we're permitted to do."

Volume I of Hitz's report, issued Jan. 29, in fact does *not* follow the obvious trail, perhaps because of the narrowness of its scope and of the original mandate



*A demonstration by supporters of the LaRouche movement in Houston, October 1996. When the scandal about Contra drug running broke, everybody started screaming “CIA!” But Lyndon LaRouche warned that if you focus on the CIA, rather than George Bush’s networks, “you’re going up a dead end, where there are no records, or very few records that could be disclosed. You are avoiding the thing you should face.” Reading the fine print in the new report by the CIA’s Inspector General certainly bears this out.*

given to Hitz by Director of Central Intelligence John Deutch. In their zeal to defend the CIA itself from the California drug-trafficking allegations, Hitz and his associates did not follow the trail to its starting point: the “secret government” apparatus run out of the White House and its NSC under the direction of George Bush — the apparatus identified in the popular mind with Oliver North et al.

But nevertheless, no one can read Volume I carefully and not conclude that there were in fact substantial ties between drug running in California, the Contras in Central America, and elements of the U.S. government that supported the Contras.

And still to come is Volume II of the IG Report, which “will address findings related to CIA’s knowledge of any other alleged drug trafficking by the Contras or other persons associated with the Contra program.” In other words, the second volume will look beyond California, and hopefully, beyond the CIA. *EIR* has been told that Volume II will deal with the evidence amassed by the Senate Foreign Relations subcommittee (the “Kerry Committee”) in its 1986-88 investigation, as well as evidence obtained (but not used) by Iran-Contra independent counsel Lawrence Walsh.

### The CIA ‘dead end’

“That’s a loser,” was the comment of *EIR* Founding Editor Lyndon LaRouche, when asked in September 1996 about the focus which many people were putting on the CIA as being responsible for bringing crack cocaine into Los Angeles. If

we go at this from the standpoint that, “Oh, gee, it was the CIA that ran it,” LaRouche warned, “you’re going up a dead end, where there are no records, or very few records that could be disclosed. You are avoiding the thing you should face.”

This point regarding the lack of official records, was also made, from a somewhat different standpoint, by two officials who were responding to a question from this reporter around the same time in 1996, a few weeks after California’s *San Jose Mercury News* had run its famous series on CIA and Contra links to the crack cocaine epidemic in Los Angeles. Their comments, regarding the likely the absence of official records because of the use of “privatized” operations during the “Iran-Contra” period, were made publicly in response to a question posed during a conference in Washington on Sept. 20, 1996.

Jonathan Winer, formerly a counsel to the Kerry Committee, later Deputy Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, said that “we had a semi-privatization of aspects of our foreign policy in that period,” and he elaborated the risks of this. “One of the things that I hope we all learned from the mid-1980s,” he said, “is that any time you privatize government activities, you create activities which are government-sponsored but not official; you provide funding for governmental activities which are outside the parameters of Congressional oversight; you run the risk of creating activities which it is very difficult to determine if they are, or are not, government-sponsored. You create tremendous difficulties for oversight; you also create ac-



*CRACK-PAC? Rumors are that Lt. Col. Oliver North (ret.) is soon to visit New Hampshire, to test the waters on a run for the GOP Presidential nomination. North was George Bush's chief gopher during the 1980s Iran-Contra fiasco, and it was North who maintained the dope-dollars-stuffed secret Swiss bank accounts for the Nicaraguan Contras. As EIR documented in 1996, North was identified by the U.S. ambassador in El Salvador as the "White House" man in charge of the cocaine-for-guns operations at Ilopango Air Base, the chief Contra resupply depot. In 1994, when North made his first run for political office, as the Republican nominee for the U.S. Senate in Virginia, he was soundly defeated, as the result of a campaign by LaRouche Democrat Nancy Spannaus, which exposed his links to cocaine traffickers. North's dope dealings were first catalogued in the 1988 report of the Kerry Committee. Iran-Contra special prosecutor Lawrence Walsh acknowledged that his investigation, while not mandated to probe Contra drug trafficking, nevertheless amassed evidence of the Contra drug and gun pipeline, with North in the middle.*

activities which will not be recorded in governmental documents. In seeking to determine, in the mid-1990s, precisely what happened in the mid-1980s, you're going to be confined, or constrained, by the fact that there may not have been systematic record-keeping of certain activities, which some government officials may have known about."

Following up Winer's comment, then-CIA General Counsel Jeffrey Smith said that the CIA was determined to

get to the bottom of the allegations raised by the *San Jose Mercury News*, but, he said, "It may be difficult because, as Jonathan [Winer] says, there may not be records, some of it may have been done off-line, by people who were not U.S. government employees and who were part of the private operations being run down there" in Central America, by Oliver North and the like.

*EIR* has documented that the Contra/drug operation was *not* run by the CIA, but by the "secret government" apparatus operating out of the White House and NSC under the personal direction of Vice President George Bush, which functioned under the putative authority of Executive Order 12333, National Security Decision Directives Nos. 2 and 3, and other such orders and directives.<sup>1</sup> During the period from 1981 through 1984, and even up until the exposure of the so-called "Iran-Contra" affair in late 1986, Bush had consolidated all "crisis management" and covert operations functions under his personal control. The overexposed CIA was increasingly on the sidelines, as clandestine operations were run primarily through military intelligence units and private contractors.

After Congress prohibited the CIA from funding the Contras in a series of "Boland" amendments between 1982 and 1984, the provision of funding and logistical support for the Contras was assumed by the White House and NSC; two key elements of this were the Oliver North/Richard Secord apparatus later known as "The Enterprise," and the other was the related drugs-for-guns network run by former CIA hand Felix Rodriguez, under the direction of Bush's national security adviser Donald Gregg. Rodriguez operated out of Ilopango Air Base in El Salvador—a principal transshipment point for weapons and narcotics. Few, if any, records of either the North-Secord operation, or of the Gregg-Rodriguez operation, would be found in any search of CIA records. And that is precisely the problem posed by any focus on "the CIA" as responsible for the Contra/drug-smuggling operation, and it is why so little pertinent information shows up in the new CIA report.

To compound the problem, the CIA IG report is based primarily upon 1) requests made by the IG for relevant records maintained by the CIA itself, and 2) voluntary interviews of individuals. And, not surprisingly, the interviews yielded little: If a drug trafficker were asked if he were connected to the CIA, he generally would answer "no," and if a CIA officer were asked if he knew of any drug trafficking by individuals linked to the CIA, he would answer "no."

### **The Blandón-Meneses drug ring**

The *San Jose Mercury News* series focussed on a drug-trafficking ring run by two Contra-linked Nicaraguan exiles, Juan Norwin Meneses Contarero ("Meneses"), and Oscar Danilo Blandón Reyes ("Blandón"), who imported drugs from Colombia and distributed them through a drug dealer in Los Angeles named Ricky Ross.

1. *EIR*, Sept. 13, 1996; *EIR Special Report*, "Would a President Bob Dole Prosecute Drug Super-Kingpin George Bush?" September 1996.

The CIA report concluded: “No information has been found to indicate that any past or present employee of CIA, or anyone acting on behalf of CIA, had any direct or indirect dealing with Ricky Ross, Oscar Danilo Blandón or Juan Norwin Meneses.” The report also concludes that “no information” has been found that Blandón’s and Meneses’ drug-trafficking activities were “motivated by any commitment to support the Contra cause or Contra activities undertaken by CIA,” or that they received any CIA or Contra support for their drug-trafficking activities.

Yet, within these broad, yet carefully worded findings, significant contrary information is presented.

For example, that both Meneses and Blandón did give cash and other material support to the Contras, using their cocaine profits. Meneses, a convicted drug-trafficker, says he gave sympathizers of the Contras about \$3,000 between 1982 and 1984; he says his principal interest was in recruiting personnel for the Contras, which he was asked to do by Nicaraguan Democratic Forces (FDN) Contra leader Col. Enrique Bermúdez. Meneses was also a member of an FDN fundraising committee.

Enrique Miranda Jaimie (“Miranda”), another convicted drug trafficker, says that Meneses told him the drugs were shipped from Colombia to an airfield in Costa Rica, and were then loaded on cargo aircraft and shipped to the United States, to an airfield near Fort Worth, Texas. The aircraft involved were empty because they had been used to transport arms from the United States to the Contras, through Costa Rica.

Blandón was part of a Contra support network in Los Angeles that was visited by FDN commander Bermúdez in 1981. Blandón says he gave several thousand dollars to this Contra sympathizer group, while never telling them that the money came from drug smuggling. In 1982, he and Meneses travelled to Bolivia to consolidate a large cocaine shipment, then stopped, en route back to the United States, to meet with Bermúdez in Honduras. Bermúdez asked them to help in providing funds and equipment for the Contras. Blandón held two subsequent meetings with Bermúdez in 1983, the final meeting taking place during a Fort Lauderdale, Florida “unification summit” of the five top Contra leaders, which Blandón was invited to attend.

(Later, in 1985, according to the report of the Iran/Contra independent counsel, Oliver North and two former CIA officers met with Bermúdez in Miami, and North told Bermúdez to work with him and Secord.)

Blandón also allowed Contra leader Edén Pastora, the head of the “southern front” operations, to live, free of charge, in a home he owned in Costa Rica from 1984 to 1987. He also gave substantial cash to Pastora, plus two automobiles for his use. Blandón admitted to donating “only” about \$40,000 to Contra sympathizers, and he estimated that 70-80% of this derived from his drug business, according to the CIA/IG report.

Pastora also admitted to IG investigators that he received funds from two other cocaine traffickers.

## Ronald Lister and Scott Weekly

Perhaps the most significant ties of the Blandón-Meneses drug ring to the Bush “secret government” apparatus worked through Ronald Lister, a former policeman who ran a security company in southern California in association with individuals who had left the CIA in the mid-1970s.

As we have previously reported,<sup>2</sup> Lister’s home was one of the sites raided in October 1986 when Federal and local law enforcement officials executed search warrants on more than a dozen locations connected to the Blandón drug ring. Los Angeles Sheriff’s Department detectives reported that, when they raided Lister’s house, they found materials relating to “military operations in Central America,” and “numerous documents indicating that drug money was being used to purchase military equipment for Central America.” Documents were also found which diagrammed “the route of drug money out of the United States, back into the United States purchasing weaponry for the Contras.”

An official report by one of the detectives from the 1986 raid stated: “Mr. Lister . . . told me he had dealings in South America and worked with the CIA and added that his friends in Washington weren’t going to like what was going on. I told Mr. Lister that we were not interested in his business in South America. Mr. Lister replied that he would call Mr. Weekly of the CIA and report me.”

Although all of this was ignored by the CIA’s recent report, there is hard evidence, on the record, showing that Lister’s “friends in Washington” ran all the way up to the Office of the Vice President, George Bush.

“Mr. Weekly,” whose full name is David Scott Weekly, was also the subject of a Federal investigation opened for the purpose of prosecuting him on Federal explosives charges. On Dec. 11, 1986, Bill Price, the U.S. Attorney in Oklahoma City handling Weekly’s case, had a telephone conversation with Mark Richard, a Deputy Assistant Attorney General in the Criminal Division, and the career Justice Department official who served as the department’s liaison to the CIA and other intelligence agencies.

In August 1987, Richard gave a deposition in the Congressional Iran-Contra investigation. While being interrogated about various matters in which there were allegations of Justice Department interference in Contra-related cases, Richard was specifically questioned about handwritten notes he had

---

2. “New Evidence Links George Bush to Los Angeles Drug Operation,” *EIR*, June 6, 1997. There were a couple of minor errors in that article. Former CIA officer Richard Wilker, an employee of Lister’s Pyramid security company, was misidentified as “Paul” Wilker; Wilker was reportedly fired from the CIA in the early 1980s because of his involvement with “renegade” CIA officer Ed Wilson. Bill Nelson, former CIA Deputy Director for Operations in 1973-76, was not formally connected with “Intersect,” a security company which had previously employed Richard Wilker (before Wilker went to work for Lister’s security company), but Nelson did retire from the CIA about the same time as the founders of Intersect with whom he was associated, and Nelson’s name was contained in Lister’s handwritten notes seized in the 1986 raid.

made during his conversation with prosecutor Bill Price. After examining his own notes, Richard said that the conversation pertained to “an individual who had been arrested and his possible involvement in some CIA/Contra-related activities.”

Richard was asked about the portion of his notes which read: “Weekly posts on tape that he’s tied into CIA and Hasenfus. Said he reports to people reporting to Bush.” Richard disclaimed any knowledge of what this meant. Richard was then asked: “And he’s alleging or indicating to someone that he’s connected with the CIA and he is reporting to people who report to Bush?” Richard answered: “That’s what he’s asserting.”

Richard’s notes also reference Weekly’s toll calls to “Col. Nestor Pino, Spec Asst to Undersecretary for Security Assistance,” apparently made in September-October 1986, and also “Phone calls from Weekly to Alex, Va.—Tom Harvey of NSC,” apparently on Oct. 30, 1986. Tom Harvey was operating directly out of George Bush’s office, and was definitely one of the “people who report to Bush.” Nestor Pino was likewise deeply involved in the drug-ridden Contra supply operation, which was being run out of Bush’s office though Felix Rodriguez.

As *EIR* has shown, Weekly was not working for the CIA. Lister’s notes, seized in the raid on Lister’s house, identified Weekly as a “DIA subcontractor.” But that also does not tell the full story. Weekly was working—on other matters having no connection with drugs—with Col. James “Bo” Gritz, the retired, highly decorated special forces commander. (There is no evidence whatsoever that Gritz had any knowledge of Weekly’s ties to the drug-dealer and money-launderer Lister.)

Scott Weekly was a weapons specialist, working as part of a team created by Gritz, after Gritz had been requested in 1979 by the deputy director of the Defense Intelligence Agency (DIA) to officially resign from the U.S. Army, and carry out a private intelligence operation in Southeast Asia. Gritz’s team carried out a number of U.S. government-backed missions into Thailand, Laos, and Burma between 1982 and 1986, to determine whether America prisoners of war were still alive in Southeast Asia.

In his 1991 book *Called To Serve*, Gritz described how he formed a “private” team with the assistance of the DIA, CIA, and the Army’s Intelligence Support Activity (ISA). The ISA was a secret Army special operations unit, involved in counter-terrorist activity (and also in support for the Contras). Sworn evidence exists showing that, during most of the 1980s, Gritz was reporting to military intelligence officials through an intermediary known as a “cut-out.” Gritz says that when he was working for ISA, “the truth is that the initials ‘ISA’ were above Top Secret to the point where CIA was our cover. ISA worked directly for the National Security Council.” Gritz said that, while he was working for the ISA and the NSC, “we used the CIA as a cover, when you had to get messages, and this kind of stuff.”

“When I came on board,” Gritz continued, “I was care-

fully briefed: ‘We are not under the CIA, we are not under Defense Intelligence; we work for the National Security Council.’” He also said that ISA coordinated with the Joint Chiefs of Staff, which provided the “muscle” for ISA, using Delta Force special operations forces.

All of this information is readily available. Now, let’s see how little the CIA/IG report has to say on this tantalizing subject.

Although CIA records do show that Lister had claimed a CIA connection in 1986, and that he had he had cited Scott Weekly as his “CIA contact” and as also being affiliated with the DIA, the Report concludes that “no information has been found in CIA records to indicate that there has ever been any relationship between CIA and Blandón, Meneses, or Lister.

When interviewed in connection with the Hitz report, Lister denied having ever made the statements (attributed to him by Los Angeles Sheriff’s deputies) about the CIA or about Scott Weekly being his “CIA contact.” The CIA report says that Lister stated that “an FBI special agent was convinced that Lister, Blandón and Meneses were connected with CIA,” and that the FBI agent “wanted to prove a connection between the U.S. government, the Contras and drug smuggling.” The report says that Lister blames all the talk about his CIA connection on the *San Jose Mercury News*, and then the report provides the following, rather amusing, statement: “Lister admits people may have received the impression that he was connected with CIA and that such misconceptions did not hurt his security business, but this was not his intention.”

There is no indication that Hitz’s investigators ever examined any of the records of the Los Angeles Sheriff’s Department, as contained in its 4,000-page report issued in December 1996. There is a wealth of information contained in that report about Lister and Weekly, as well as a certain similarity of methodology, as revealed in the following passage from the Sheriff’s report:

“In a November 7, 1996 interview of AUSA [Assistant United States Attorney] L.J. O’Neale, he was asked if he would query the Defense Intelligence Agency (DIA) to ascertain if Ronald Lister or Scott Weekly had a relationship with that agency. He immediately said, ‘No.’ He was asked why, and he replied he was dealing with a specific allegation that the CIA was involved in cocaine distribution. He was not investigating the DIA’s involvement, so he was not going to do the query.”

Scott Weekly was also interviewed by the Sheriff’s Department investigators. According to their report: “Weekly admitted that he knew Ronald Lister. . . . He was asked if they had met in the military. At first Weekly said no, but then added, ‘Well, it depends on whose service—and for what.’

“Weekly agreed that it would be ridiculous for us to ask him if he had ever been in the CIA, because there would be no way for us to confirm his statement. He also agreed that if he was in the CIA he wouldn’t tell us anyway. . . .”

Incredibly, the Sheriff’s investigators never asked

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

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

### The 'Frogman' case

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

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

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

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

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

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

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

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

### More to come

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

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

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

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

## IG report confirms Contra-cocaine links

by Jeffrey Steinberg

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

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