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MEMORANDUM FOR THE RECORD

SUBJECT: Briefing on the C-123 Crash in Nicaragua:
Senate Foreign Relations Committee, 10 October

1. The CIA and State Department briefed the Senate Foreign Relations Committee on the circumstances surrounding the recent crash of a C-123 cargo plane in Nicaragua. The statement and questions/answers dealt with the crew members and their past contacts with CIA, the level of private resupply efforts to the Contras, and related issues. Testimony was given by the DDO and Chief of the Central America Task Force for CIA; the State Department spokesman was Elliot Abrams, Assistant Secretary for Inter-American Affairs, with back-up on legal questions from Principal Deputy Legal Adviser Michael G. Kozak.
2. Chairman Lugar presided over the three-hour session. Attending the full briefing were Senators Pell, Evans, Kerry, and Harkins. Senators Durenberger, Biden, and Dodd attended a portion of the briefing.
3. The following SFRC staff members were present: Geryld Christianson, Barry Sklar, Mark Walcoff, Graeme Bannerman, David Keaney, and Rick Messick. Al Lehn of the Majority Leader's staff attended. SFRC support staff intermittently in the conference room were Barbara Allen, Elly Voghtmann and Leticia Padilla. Other State officers were Williams Walker, Louise Hoppe, Ed Fox and John Egan McAteer. Other Agency officers attending were Norm Gardner, Special Assistant to the DDO, and David Gries, Director, OCA. Anne Horowitz prepared the transcript.
4. In his opening remarks, Chairman Lugar made the following points:
 - The briefing would be held at the TS/Code word level; responsible officers of each organization should be able to vouch that their representatives had these clearances.
 - Because of developments in the past week, serious questions had arisen concerning the U.S. Government role in Central America. One particularly important issue was the CIA involvement in that region.

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- The Senate Majority Leader had submitted several questions which he wanted specifically covered by officers giving testimony.

Do State and CIA have information on the number of Americans working in Nicaragua, the nature of their involvement and their relationship with the Sandinista Government?

Do State and CIA have information on private U.S. support to the Contras?

Can the briefers comment on possible violation of the U.S. Neutrality Act?

5. Senator Lugar also mentioned the Los Angeles Times article of 9 October which reported the existence of an elaborate system for supplying the Contras, involving some 19 aircraft.

6. Senator Pell stated that it would have been possibly useful to have had a Defense Department representative at the briefing.

7. Assistant Secretary ~~XXXX~~ presented his formal statement:

- The bodies of two Americans killed in the crash would arrive on 10 October at approximately 1400 hours in Miami. The coffins contained ashes, with skulls. The coffins had been left at the entrance of the U.S. Embassy in Managua.

- A Consular Officer had not yet been allowed to meet with Mr. Hasenfus; his spouse had been allowed a 45 second meeting in front of the news media.

- The Executive Branch hoped that the Congress would protest publicly about Nicaragua's refusal to allow Consular access to the American.

- The two Americans killed in the crash were not employed by the U.S. Government.

- State Department had no specific figures on Americans residing in Nicaragua or what their relationship

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might be with that Government. There are probably several thousand Americans in that country.

- An elaborate supply system has obviously been established for supporting the Contras. There is no U.S. Government involvement in it and great care is taken not to get involved. While State approves of the private effort to keep the Contras alive, it has not taken any specific action to appeal for help -- no letters, no specific requests.

8. State Counsel Kozak commented on the implications of the Neutrality Acts.

- The Department of Justice is the official interpreter of these laws. State can give only a semi-knowledgeable account. They involve prohibitions on U.S. citizens to enlist in a foreign military from the U.S., to launch a military expedition from the U.S. or to organize a conspiracy to damage a foreign government from the U.S.

9. The DDO offered his prepared statement which denied any CIA connection with the C-121 and its crew. He described past contacts with these individuals. The statement is attached.

10. Assistant Secretary Adams interrupted Mr. George's statement at the point leading to a description of CIA's awareness of private supply efforts channelled through El Salvador for the resistance groups. State protested that the highly sensitive information assistance of a friendly government, the delicate policy issues involved, and threat that compartmented information would be presented forced the Department to halt the briefing. Without concurrence of the Secretary of State, the joint briefing could not proceed on this subject.

11. Chairman of the SSCI Durenberger stated that he was present at the SFRC briefing because of this issue: discussion of sensitive intelligence matters outside of the SSCI. He pointed out that his Committee was deeply involved in oversight of Intelligence-related activities directed at Nicaragua. He recommended that a briefing be deferred to one sponsored by the SSCI, under procedures of S Res 400, to take place in the secure conference room (Hart-219). Durenberger also argued that he was concerned about the precedence set by the briefing continue on this subject for the SFRC. The rules dictated that intelligence matters should be handled within of the SSCI, including the work of the CIA.

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12. A discussion ensued over the problem of foreign policy and intelligence issues -- and where the line could be drawn. Eventually, Chairman Lugar decided that the foreign policy issues surrounding the crash and the U.S. Government role were overriding. He then spoke at length about the need for strict security on matters discussed at the hearing.

13. Mr. George continued his formal presentation concerning CIA reporting on Contra capability to obtain supplies and materiel for continuing the resistance.

14. A wide-ranging discussion followed in the question/answer period on specific aspects of the crash, identification of the crew, and the nature of private support to the Contras. State and CIA offered the following responses.

At this time, no one knows why Mr. Hasenfus has claimed that he worked for CIA. He might have been exposed to pressure by the Sandinista police; he might have been hired under "false-flag" circumstances.

CIA had had no contact with members of the crew in recent years; no CIA proprietors had been in contact with the crew members.

/SFRC Members discussed the possibility that the Committee might investigate private American activity to support the resistance. A suggestion was made that the Committee subpoena Mr. Hasenfus' bank records to determine who was paying his \$3000/month salary./

CIA has no independent information on the C-123 cargo. Newspaper accounts are the only details at this time. (b)(3)

Information developed to date on the origin of the C-123 aircraft indicates that the plane was sold as U.S. military surplus in 1983. The purchaser has not been determined.

--- which might be the same aircraft involved in the 5 October crash. (b)(1) (b)(3)

CIA does not have extensive flight information on activity into Ilopango Air Field, El Salvador. CIA does not know about arrival of aircraft transporting

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private channels to the Contras. The CIA is proscribed from collecting information on U.S. persons -- and would not pursue details about the C-123 aircraft. It is assumed that the weapons in the cargo were picked up by the U.S. State Department does not make any attempt to monitor anti-Sandinista support. Customs Service will take the lead to investigate the activity of the Southern Air Transport craft.

/Before leaving for the Senate Floor, Senator Durenberger pointed out that information about individuals involved with the plane has evolved in pieces. He based his statements on briefings provided to the SSCI concerning the crash. This situation was not surprising under the circumstances and given the diverse Agency records to be reviewed for a complete picture. In the SSCI view, the Agency has learned from experience; it interpreted Congressional restrictions on activities in Central America in the strictest mode; the CIA expanded its role with the resistance only when restrictions were lifted, allowing at one point the sharing of tactical intelligence with the Contras, and later the training and provision of communications equipment. Senator Durenberger was of the opinion that other entities in the Executive Branch were knowledgeable of the private effort to support the Contras, but the Agency was caught in a squeeze. It was aware of the resupply activity from the end-user view -- equipment and materiel which had been delivered to the Contras. Durenberger suggested that State should do more to help keep the CIA "skirts" clean./

Eugene Hasenfus worked for a CIA proprietary, Air Asia, in 1966, as a packer and kicker, and later worked for another CIA firm -- Air America. He resigned in February 1974. (b)(1) (b)(3)

William J. Cooper worked for Air Asia as of January 1966 and then for Air America.

He was involved in the airlift to Angola with Air Afrique. There is no record of contact with him after 1976. (b)(3)

Wallace Blaine Sawyer was a captain with African Airlines. (b)(1) (b)(3)

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later worked for Southern Air Transport. At one point in 1951, he asked to become a staff employee, but this was disapproved for personal reasons. (b)(1)
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There is no defined policy in the U.S. Government which states conditions under which an officer should lie to protect national security interests. Anyone can speculate on conditions so critical that the truth would have to be withheld, at least for the time being. In response to a Senate query about withholding the total story, the DDO stated that he would not lie in a Committee hearing about an individual being employed by the Agency.

Neither State nor CIA was aware of an investigation reportedly under way in Florida to determine the origin of the C-123 and its cargo.

15. Senator Kerry began his portion of the hearing by stating that there was duplicity in the U.S. position in Central America. He pointed out that the Administration had not accepted decisions of the World Court, yet complained that the Managua Government was violating consular regulations by not allowing for Embassy officials to meet the captured American. Mr. Abrams stated that he wanted the record to reflect that he disagreed with Senator Kerry's views.

16. Senator Kerry had a long list of questions regarding Central America which were answered by State and CIA.

- Max Gomez and Daniel Medina were mentioned in news accounts as principal managers of the Contra support. CIA was in the process of checking these names; it appeared possible that Gomez was an alias used by a former Agency contact (b)(1) Identifying information would be provided to the SPRC if (b)(3) record.

- Hasenfus' claim that he was working for the CIA may have been made out of intimidation or may be the man's belief. The individual "at the end of the line" might not know the truth. (b)(3)

- CIA was aware of Americans at [redacted] Air Field in general terms. The Agency conscientiously avoided contact with these individuals.

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The State Department was aware of private groups providing support to the Contras. However, the Department did not know specifics about the operations of individuals like General Singlaub.

- The DO did not have information on CMA. The only information known was that it was being investigated by Justice. CIA has not had any relationship with CMA at any time. The CIA will comment for the record on any information about possible contact between CIA contract employees and CMA.

- The briefers were not familiar with Condo.

- The 2506 Brigade was manned by volunteers. There was a GAO report on the group published in April 1984. A copy of the report will be placed in the record. Senator Kerry asked for information on the Brigade's supply of weapons, for the record.

- Tom Posey - State was not familiar with this individual; the Agency would determine if there had been any contact with Posey, and would place this information on the record.

- Southern Air Transport. The airline last contracted with the Agency for flights to Panama and Honduras in late 1983 or early 1984.

- State explained that it was not unusual for Americans now involved in private support to the Contras to have earlier worked for the Government, particularly CIA. Private organizers seek out people with expertise already developed for carrying out a resupply mission and this cadre of specialists gravitates to activity like the current private effort in Central America.

- The Tamiami Gunshop was under investigation by the ATFC for possible violation of U.S. law.

- Chief, CATF was familiar with the name Ronald J. Martin and knew that information had been provided to the Justice Department on the individual. In connection with this line of questioning concerning individuals who have been involved in sale of guns and ammunition, the State Counsel commented that a group of arms suppliers have been around for many years and willing to supply weapons to any insurgency.

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 - Several briefers were generally familiar with General Secord. Chief, CATF, mentioned that, [redacted] (b)(1)
 he encountered Secord who was involved in a military aid program. (b)(3)

- The Agency would also provide for the record a statement on any relationship it might have had with John Hull. Senator Kerry wanted to know if Hull was being paid by the Agency.

- Robert Owen was hired by State to function in liaison capacity with UNO. He worked for Ambassador Dummeling in connection with the humanitarian program. Oliver North of the NSC may have had contact with Owen. The CIA will provide information for the record of any Agency contact with Owen. One of the pilots on the C-123 was carrying Owen's business card.

- The Agency will provide information for the record on any contact with the following: Florida Air Transport, American Flyers and Daniel Vazquez.

17. The operation of Ilopango Air Field was raised by Senators Dodd, Harkins and [redacted] leading to the following comments by State and CIA:

- The U.S. has only [redacted] official information on the traffic which enters Ilopango. (b)(1) (b)(3)

The Salvador Government would be thoroughly informed. Neither State nor CIA could confirm that U.S. citizens had to have permission from the U.S. military group to enter Ilopango. Both were generally aware that Americans had used the airfield to channel support to the resistance. Neither knew anything about Third World nationals operating out of Ilopango.

- In Honduras, the resistance has used the airfield at Aguacate. According to Chief, CATF, flights have [redacted] Ilopango for Aguacate. Weapons have been supplied through this route. The Agency tried to trace the source of arms, [redacted] to track them to Portugal and Europe, with funding channels through the Caymans. Information on any U.S. involvement [redacted] U.S. laws were possibly violated would be passed to [redacted] 3A

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The Agency has made a deliberate attempt to draw back from collection of intelligence on the private U.S. aspect of the supply system. This effort was made to conform with Congressional restrictions on the Agency not to be involved with the Contras following discontinuation of U.S. support in 1984. It did affect the extent to which the CIA has been able to provide coverage of developments in Central America. The Agency is also limited by the provisions of the Executive Order which specifies that CIA cannot report on U.S. citizens, unless a counterintelligence threat exists.

- The El Salvador Government maintains a policy of support to the Contras and opposition to the Sandinistas. However, President Duarte has denied in public that the Government provides assistance to the resistance. There are, consequently, sensitive policy issues involved in this classified briefing.

[REDACTED] (b)(1)
(b)(3)

- The CIA has been active in the Southern Front, out of Costa Rica. (b)(1)
(b)(3) An attempt has been made to bring some cohesion to the political movement.

[REDACTED] (b)(1)
(b)(3) The CIA makes a serious effort to see that its property and personnel are not used in violation of U.S. law.

18. Several Senators began an involved exchange over the implications of the Administration's public encouragement to private support of the resistance. Some questioned the claim that retired General Singlaub had not been guided by senior Administration officials in providing support to the Contras. The State Counsel argued that private U.S. groups are not violating U.S. neutrality laws in the support provided. Senator Biden likened the discussion to the SRC to a scene from "Blazing Saddles". He pointed out that Congress did not make a distinction between government and private support to the Contras. Senator Evans stated

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important to make a distinction between legal and illegal activities in American support to resistance organizations.

19. Senator Pell asked for evidence that the aircraft supplying the Contras were involved in smuggling drugs into the U.S. -- on the return trip. In answer, the DDO stated that there was no specific information but it seemed possible of a connection between the two.

20. Senator Kerry commented further on what he called "selective prosecution." Whereas Boston citizens are accused and tried for supporting elements in Northern Ireland, the U.S. Government encourages support of the Nicaraguan resistance. He suggested that private support to the Contras from American citizens was in violation of the neutrality laws. State argued that the groups supporting the Contras were scrupulously careful not to violate any law. Assistant Secretary Abrams also suggested that private support will probably disappear once the \$100 million is provided.

21. During the hearing, Senator Kerry received information of a news story which alleged that "Max Gomez" had been reporting to the Vice President's office. He stated that the item had been reported by Heston on 9 October. Neither State nor CIA had any information on the allegation.

22. Chairman Lugar closed the session, stating that the testimony was appreciated. He expressed his hope that the Continuing Resolution would provide a better arrangement for U.S. support to the Nicaragua resistance, rather than the complications which had developed since April 1984 when other elements have taken over from the U.S. Government. He stated that the Senate would protest if the Managua regime refused to allow U.S. consular officers to meet Mr. Hasenfus.

23. Senator Pell added that the follow-up responses to questions during the hearing should be submitted to the Committee. He repeated that he thought it important to develop information on the drug-resistance supply connection. He also wanted the SFRC to subpoena Hasenfus bank records.

24. Lugar suggested that some of Pell's recommendations would require a Committee caucus -- an action which might be resisted at this time. At this point, State offered to look into the matter and provide assistance to the Committee.

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25. ~~The~~ **SFRC** requested that answers to questions posed during the hearing be available by COB 14 October. Finally, Senator Kerry commented that it was important to clear the air -- that confidence in the State/CIA program for the resistance will be critical.

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