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Three contra donors standing, from left, Joseph Coors, Ellen Garwood and William O'Boyle; counsel Duncan Osborn seated.

'One-Two Punch' for Contra Aid

North Gave Pitch; Channell Collected, Contributors Testify

By Dan Morgan and Walter Pincus
Washington Post Staff Writers

Two wealthy contributors yesterday described how former White House aide Oliver L. North and fundraiser Carl R. (Spitz) Channell worked as a "one-two punch" in soliciting several million dollars for the Nicaraguan contras after Congress cut off aid in October 1984.

At meetings in the White House and Old Executive Office Building, Marine Lt. Col. North painted for potential donor William B. O'Boyle a threatening picture of Soviet bombers landing at a Nicaraguan air base after devastating the United States with nuclear weapons. O'Boyle told the Iran-contra investigating committees. North also confided, O'Boyle added, the existence of a "secret plan" for the contras to oust the Sandinistas with the help of a U.S. Navy blockade.

Afterward, at intimate private dinners or small meetings at elegant hotels, Channell followed up with a pitch for money to provide the contras with equipment, arms or ammunition through his "tax-exempt" foundation. O'Boyle said he eventually gave \$160,000.

In another case, Texas heiress Ellen Garwood testified that Channell, in the company of North, gave her a list of contra needs in a side room adjoining the cocktail lounge of the Hay Adams Hotel. Listed were such

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contra needs as hand grenades, bullets, cartridge belts and "possibly surface-to-air missiles."

Taking to heart North's warning that the contras "might cease to exist if something weren't done about these various needs," Garwood testified, she contributed \$2.4 million to Channell's National Endowment for the Preservation of Liberty (NEPL) in the next two months.

"Where I come from, we call that 'the old one-two punch,'" commented Sen. Warren B. Rudman (R-N.H.), the Senate committee vice chairman.

A third witness, Colorado industrialist Joseph Coors, described a different one-two punch.

In June 1985, when he told his longtime friend William J. Casey, who was then CIA director, that he wanted to aid the contras, Casey said he couldn't do anything. But "to be point-blank," Coors added, Casey told him "Ollie North's the guy to see."

Casey, who was in his office at the Executive Office Building, arranged for Coors to step around the

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corner and visit North, who convinced him to give \$65,000 to purchase an aircraft of the kind the contras needed for light cargo and short runways in Honduras.

North's direct dealings with Coors contrasted to the accounts of Garwood and O'Boyle, who testified that Channell usually solicited money after North had left. North subsequently provided Coors with the name and number of Lake Resources, the Swiss bank account controlled by retired Air Force major general Richard V. Secord, and in August 1985, Coors transferred the money to that account.

The committee not only provided details of how private money was raised domestically for the con-

tras—using the prestige of the president and the White House—but also raised questions about how donated funds were used.

Coors, for example, told the committee that he believed the \$65,000 would purchase a Maule aircraft for use by the contras, and even said that North showed him a picture of it in the jungles of Honduras, calling it "your plane."

Two weeks ago, however, Secord testified that the Maule had become part of the assets of his "enterprise," which was running a private airlift to resupply the contras. He acknowledged the plane had been paid for with a donation that documents show came from Coors.

Coors said yesterday that he was "surprised and shocked" to learn this. And O'Boyle, who had specifically earmarked his \$130,000 contribution to Channell's foundation for two Maules, went further: "I didn't give this money to Gen. Secord. I gave it to the freedom fighters in Honduras."

Channell pleaded guilty a month ago to conspiring to defraud the government by using funds from a tax-exempt organization to purchase weapons. North was named as a coconspirator.

The committees also are pursuing what happened to large contributions such as the ones Garwood made to NEPL, according to records, on April 15 and May 1, 1986. A 1986 account review of deposits to NEPL obtained by The Washington Post does not list contributions in the amounts noted by Garwood.

Garwood's documents show that she transferred money or stock totaling just over \$2 million to NEPL on April 15. The account review does list a deposit of \$1,250,000 on May 8, 1986, and a subsequent transfer of that amount to a Cayman Islands shell company that provided funds to the contras in 1986.

However, contra records made available to the committees show the Nicaraguan rebels receiving less than \$1 million from that source during the entire year of 1986.

Garwood raised the question of how much the Channell operation deducted for costs and overhead in an anecdote.

She said Channell had solicited \$10,000 from her last December for a fund to cover legal costs and children's education for North. After she contributed, however, she was called by a North friend also raising money for North's defense.

"Do you know Mr. Channell takes 35 percent for his own organization's overhead?" the friend asked. After confronting Channell and getting no denial, she took the money back and sent it to the "official" defense fund.

In other testimony that touched on fund raising, the committees also finished hearing testimony from retired Army major general John K. Singlaub. He testified Wednesday that in early 1986 he visited Assistant Secretary of State Elliott Abrams prior to traveling to two nations—identified by sources as Taiwan and South Korea—with the intention of soliciting aid for the contras.

Singlaub said Wednesday that Abrams had approved his plan and would send a "signal" to those governments that the administration supported his private initiative.

Yesterday, Singlaub said he was surprised to learn that Abrams did not tell the Tower review board that he offered to send a signal. The former general, however, stuck by his story, pointing out that without the signal of administration backing he did not believe the countries would agree to contribute.

Singlaub also repeated testimony given Wednesday that Abrams had called him while he was in "Country Three"—Taiwan, according to other sources—and told him to hold off

on his "extracurricular activity" because the matter would be handled "at the highest level," which he took to mean the White House.

An aide to Abrams said yesterday, "Elliott was probably not as

straight with Singlaub as he could have been . . . There was a lot of doubt about whether we [State] could be involved." The department ultimately decided it could not assist Singlaub, and Abrams so advised him, the aide reported.

An added source of confusion, the aide said, was Abrams' belief that any signal would come from the department rather than him.

During the questioning of Singlaub, Rudman again raised the matter of price differentials between arms and munitions sold to the contras by the two retired generals, Singlaub and Secord.

"The contras would have received two weapons for every one that they received under Secord's prices, is that correct?" Rudman asked.

"That is correct," said Singlaub, who told the joint House and Senate investigating committees that he had provided training and military

advice, not only to the contras but to anticommunist resistance groups all over the world. However, he pointed out that there were "other factors" that might explain North's decision to keep buying contra weapons from Secord.

Singlaub said he had worked hard in 1986 trying to raise money for the contras, not knowing that Secord's "enterprise" was accumulating millions of dollars in Swiss banks through profits on the sale of U.S. arms to Iran.

"If I had any knowledge that that money had been in the bank and was available, I would be even more furious," said Singlaub.

The North-Channell fund-raising operation unveiled yesterday depended heavily on North's vivid descriptions of Soviet penetration into this hemisphere and the dire circumstances of the Nicaraguan "freedom fighters."

At an April 1986 meeting de-

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"I think one of the unintended results for Mr. Coors and Mrs. Garwood and Mr. O'Boyle
... is you're going to get an incredible amount of mail from charitable organizations
... because you are three of the most charitable people I have ever met."

SEN. WARREN B. RUDMAN

scribed by O'Boyle. North showed photographs of the recently built Nicaragua airport that would be used not only to receive Soviet bombers, but also to station Soviet planes that have "kind of large device on the outside to fly up and down the West coast" and eavesdrop on the United States.

North described an intercepted message from the Soviet KGB to the Nicaraguan delegation to the United Nations—evidence that Russians manage Nicaraguan diplomacy—and showed a picture indicating Nicaraguan government officials were "involved in dope transactions," O'Boyle said.

O'Boyle was later told by North that the rebels needed Blowpipe missiles to down helicopters—but that they were "\$20,000 apiece and had to be purchased in packs of 10."

O'Boyle also told of a subsequent meeting in North's office at which the National Security Council officer told him of a "very, very secret plan." After refusing at first to describe it in public because of his promise to North to "tell nobody," he revealed its outlines after clearing it with Senate committee chairman Daniel K. Inouye (D-Hawaii). The plan involved the contras seizing a piece of Nicaraguan territory, establishing a provisional government and the U.S. Navy blockading the country, with the Sandinistas finally giving up.

O'Boyle was recently charged with a felony by New York City prosecutors for allegedly defrauding an insurance company out of \$1.8 million by filing a false insurance claim for pre-Columbian statues he said were stolen, according to Michael McManus, an assistant district attorney in New York. McManus said the statues were actually worth about \$200,000.

McManus, who said he recognized O'Boyle during his televised testimony, said the criminal charge is not related to O'Boyle's work for the contras. O'Boyle has pleaded not guilty and is awaiting trial. His criminal case did not come up at yesterday's hearing.

Staff researcher Michelle Hall and staff writer Joe Pichirallo contributed to this report.

Apparent North-Walsh Case To Go on Public Record

The U.S. Court of Appeals yesterday ordered that briefs be filed publicly in a legal dispute that sources say is between Lt. Col. Oliver L. North and independent counsel Lawrence E. Walsh.

Yesterday's public order seems to indicate that at least part of the dispute involves an unspecified challenge North is making to Walsh's investigation. In its order, the court said it is calling for briefs "solely with respect to the [North] challenge to the legal authorities of [Walsh] to proceed with his investigation before the grand jury."

"The court further orders . . . that all aspects of this case, including the remaining issues on

appeal and all proceedings that have occurred in the case to date, remain under seal," said the ruling, handed down by a three-judge panel.

The first brief is due late today, and oral arguments in the matter were scheduled for June 2.

Two weeks ago, North appeared at the federal courthouse in connection with a series of closed court proceedings that culminated with a hearing before a three-judge panel of the Court of Appeals. At the conclusion, the panel announced that it had issued orders on "two sealed matters."

Earlier this year, North unsuccessfully sought to halt Walsh's grand jury investigation into the Iran-contra affair.

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CONTRA BENEFACTORS' PROFILES

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Joseph Coors

Joseph Coors, a Colorado beer executive and longtime contributor to conservative causes, said that his concern about the "steady oppression" of the Nicaraguan Sandinista government caused him to approach William J. Casey, then the director of the Central Intelligence Agency, about helping the contras.

"Bill Casey was a good friend of mine," said Coors, the former chief operating officer of the Adolph Coors Co. Coors is also a friend and strong supporter of President Reagan.

Coors told the congressional Iran-contra panels that Casey referred him to Lt. Col. Oliver L. North, who convinced him to contribute \$65,000 to purchase a small short-takeoff-and-landing plane, called a Maule, for the contras. Coors said he wired his donation to a Swiss bank account whose number was provided by North.

Coors has been a chief financial supporter of the Heritage Foundation, a conservative think tank, and also contributed to the Mountain States Legal Foundation, which James G. Watt headed before becoming Interior Secretary.

"I had heard and talked with a good number of people in regard to the plight of the Nicaraguan freedom fighters... (and) I wanted to do something about that," Coors said yesterday.



Ellen Garwood

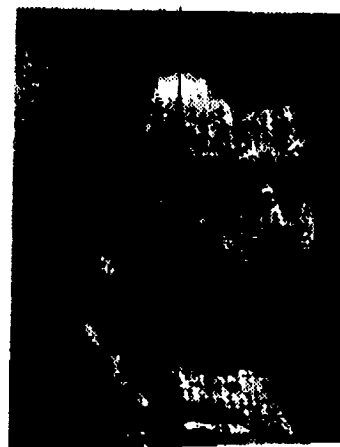
Ellen St. John Garwood, an outspoken anticommunist, has been one of the Nicaraguan rebels' largest donors, contributing more than \$2 million for the contra cause.

She first received attention when she contributed \$65,000 through retired general John K. Singlaub, a leading private contra supporter, for a helicopter that was named the "Lady Ellen" in her honor.

But Garwood told the congressional Iran-contra panels yesterday that she gave the bulk of her contributions through conservative fund-raiser Carl R. (Spitz) Channell, who recently pleaded guilty to conspiring to supply military equipment to the rebels funded by tax-deductible donations.

A spry woman in her 80s, Garwood is the author of several books, including a biography of her father, William L. Clayton, a lifelong anticommunist who served as undersecretary of state for economic affairs under Truman. In this post, Clayton, who made a fortune in cotton trading, helped devise the Marshall Plan to rebuild Europe's economy after World War II.

Garwood, who is a widow, lives in Austin, Tex. "My father wanted to stop the spread of communism," she once said in an interview. "I think we've got to keep freedom alive in Central America, or we're going to lose our own freedom."



William O'Boyle

William B. O'Boyle, an heir to a Texas oil fortune, said he agreed to donate \$130,000 to purchase two small planes for the contras after Lt. Col. Oliver L. North Jr. explained that Nicaragua was rapidly becoming a Soviet "foothold" in Central America.

O'Boyle, who lives in New York City, said he was contacted by an aide to conservative fund-raiser Carl R. (Spitz) Channell after a friend had given his name to the group.

He told the congressional Iran-contra panels that North and Channell discussed with him weapons the contras needed, and he subsequently agreed to provide \$130,000 to purchase two Maules.

O'Boyle, who said he is a private investor specializing in oil and gas exploration, recently was charged in New York City with a felony for allegedly defrauding an insurance company out of \$1.8 million by filing a false insurance claim. Michael McManus, an assistant New York district attorney, said the criminal charge is unrelated to O'Boyle's contra activities. O'Boyle, who is in his mid-40s, has pleaded not guilty and is awaiting trial.

McManus said that O'Boyle has a \$40 million trust fund.

The criminal case did not come up at yesterday's hearing.

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THE IRAN-CON TRA HEARINGS

Day 11 of the Testimony

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"Col. North was concerned about Russian intelligence services trying to discredit him. I remember wondering whether we were involved in the beginning of World War III here.

And he said, 'No, Russia would never go up against us to save Nicaragua.' "

WILLIAM B. O'BOYLE

Excerpts of testimony by Ellen Garwood of Austin, Tex., a contributor to the contras, in response to House staff counsel Tom Fryman about her meeting in April 1986 with fund-raiser Carl R. (Spitz) Channell and National Security Council aide Lt. Col. Oliver L. North:

What was said . . . about weapons?

. . . [They] spoke in low tones to each other and, after they had finished, Mr. Channell produced a list of weapons that they needed.

. . . And did Mr. Channell give you his list?

Yes, he did.

. . . What sort of information was on it?

The list had . . . hand grenades, I remember, and bullets, cartridge belts, possibly surface-to-air missiles. And there were quantities opposite each category and . . . a sum of money that was needed, in order to provide those weapons, that those weapons would cost.

. . . What was the approximate total amount?

. . . Over \$1 million. And I'm not sure just exactly what it was, over probably \$1.5 million, something like that.

. . . Did Mr. Channell ask you to make a contribution?

Mr. Channell did, after Col. North left . . .

. . . Did you make a contribution to NEPL [Channell's National Endowment for the Preservation of Liberty] in response to Mr. Channell's request?

Yes, sir. [Garwood said she contributed nearly \$2 million in April and May 1986.]

Excerpts from testimony by William B. O'Boyle, a New York City oil and gas executive:

And what happened after [O'Boyle's initial meeting here with Channell and others]?

[In March 1986], the group went over to the Old Executive Office Building . . . to a conference room where we waited for Col. North to appear.

Approximately how large was the group . . . ?

About 10 people or so, 10, 12 people, something like that.

. . . Col. North arrived at the conference room?

Yes . . . He described the situation in Nicaragua. He had photographs of an airport in Nicaragua that had been recently built . . . a disguised military airport. One of the uses for which [it] was intended was to recover the Russian Backfire bombers after they made a nuclear attack on the United States . . . He indicated how our security services had intercepted the text of a speech which was delivered to the U.N. by the Nicaraguan representative to the U.N. . . . The point being that it's really the Russians who are managing the diplomacy of the Nicaraguans before the United Nations. He showed photographs which indicated that the Nicaraguan government officials were implicated in smuggling dope, showed pictures of them involved in dope transactions . . .

Did Col. North make any request for any contribution from the persons attending this meeting . . . ?

No.

. . . Now did you have any discussion with Mr. Channell that evening?

Yes. After dinner, he came over and indicated that he heard that I was willing to make an especially large contribution with the idea of possibly supplying weapons or military equipment of some kind to the contras. He said that there was a small group of people in the United States that the president relied on to make that kind of contribution, that this was a cause that was very dear to the president's heart. And he thought that perhaps I might be interested in joining . . . [The next morning, Channell] said that, if one . . . were to give approximately \$300,000 or more, the president would actually meet with the contributor and thank him personally, spend 15 or so minutes with him on an off-the-record kind of meeting and thank him for the contribution he was making to the national security.

. . . Did he indicate that, between his first conversation with you and the conversation that morning, that there had been any kind of inquiry as to your background and your qualifications for being in this group?

Yes. He indicated the next morning that he had checked me out overnight . . .

. . . What did Mr. Channell say after Col. North arrived [for breakfast that morning]?

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Well, he introduced me as someone who was willing to provide money for weapons . . . Col. North made the point that he could not ask for money himself as a government employee but that he could provide information . . . He began to explain the type of weapons which were needed.

. . . What types of weapons did he indicate were needed?

. . . He talked about Blowpipe missiles, which were \$20,000 apiece, but which had to be purchased in packs of 10. These were necessary to counteract the Hind helicopter gunships, which the Russians had been supplying to the Sandinistas . . . We also talked about Stinger missiles. He described the ammunition needs . . . He also described a certain kind of aircraft . . .

. . . What amount did you decide to contribute?

. . . \$130,000.

And what was this to be for?

Two of the [light supply] Maule aircraft.

How did you make this contribution?

I hand-delivered the check to Mr. Channell in Washington a few days later.

Did you have a further meeting with Mr. Channell . . . with Col. North?

Yes.

. . . And what did Mr. Channell say to Col. North after he arrived?

Well, he showed him the check, and he indicated that I'd made a contribution, and that's what he said.

And what was Col. North's response?

He acknowledged that I'd made the contribution.

Was there any further discussion of weapons on this occasion?

Yes. Col. North had essentially the same list that we went over again, and ammunition . . .

. . . In your meetings with Col. North, did he ever indicate that he was sharing classified information with you?

Yes . . . It was the second meeting that I went to down in Washington where . . . he described the administration's strategy in Nicaragua.

That was . . . in his office . . .

O: That's right . . .

The following are Garwood's responses to House chief minority counsel George Van Cleave:

. . . I wondered if you could tell the committee the story concerning your contribution to [the Oliver North legal defense fund] . . . As I

understand it, it starts out in early December 1986 when you talked to Spitz Channell about the possibility of making such a contribution . . .

Mr. Channell said over the phone that Col. North had . . . resigned or had been fired from the government . . . But he was in a position where he was going to need, perhaps, legal defense, and he also needed, Mr. Channell said, some . . . some funds for educating his children . . . And he said, "Can you send \$10,000?" And I said, ". . . I will ask my husband if he will let me send from his account \$5,000 and from my account \$5,000 . . ." And so that's what I did.

Now, did there come a time shortly after that when you got a phone call from [contra supporter] Andy Messing about that same subject . . . ?

Yes, he asked me to give a donation for the [fund], and I said, "Well, I've already given to Mr. Channell." And he said, "Do you know that Mr. Channell takes 35 percent for his own organizations for his overhead?" . . . I said, "No . . ."

. . . He told you that Mr. Channell was keeping 35 percent of the contributions to his organization?

He told me that that's what he had heard, that Channell was taking 35 percent of donations given to his organizations for his own overhead and expenses and that this was a high amount . . . I thought it was, too . . .

You didn't know anything about that previously, did you?

. . . Perhaps I should have inquired more but I didn't . . . I said, ". . . You are raising an official marine-backed legal fund to defend Col. North." And he said he was . . . and I said, "Well, I shall ask Mr. Channell to send back what I sent to him, and I will send, made out to the North Legal Defense Fund, a check for \$10,000 to use . . ."

And did you then call Mr. Channell to obtain a refund of your contribution?

Yes . . . He was disappointed. I told him that I had heard he was taking . . . 35 percent of donations for his overhead and I thought that was rather large and I thought he should have told me that. And he said, "Where did you hear this?" And I told him that Andy Messing had told me. And he said, "Well, I think we conservatives should all cooperate with each other. I'm very surprised that he would tell you that . . ."

Did he deny that he was doing that?

He didn't actually deny it, as I remember. But he did consent to send the \$10,000 back to me, and I said I prefer to make it out to an official North Legal Defense Fund, and he did.

The following are O'Boyle's responses to Senate select committee Chairman Daniel K. Inouye (D-Hawaii):

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... You spoke of "secret information" that was provided to you by Col. North

Yes.

Were you, at that moment, cleared to receive secret information?

... Col. North didn't characterize it exactly as "this is classified information which I am now giving you." The way he put it was: "This is very secret; you can't tell anybody about this." And I took that to mean classified.

... Quoting from your deposition ... "He [North] indicated that our intelligence services had intercepted instructions from the KGB [Soviet secret police] to the Nicaraguan representative to the United Nations." Did he use the word "intercepted?"

I don't recall if he used that exact word.

Why did you use the word "intercepted?"

Well, that's my best recollection.

And you said that you had clearance once upon a time.

Yes.

Intercepts would be highly classified, wouldn't they?

Yes.

The following are O'Boyle's responses to Rep. Louis Stokes (D-Ohio):

... You had [asked] Mr. North as to what was the plan for Nicaragua He then said to you something to the effect that he would share it with you but it was really a secret. Is that correct?

Yes He said ... there were two plans One would be implemented if Congress approved the money last year for the contras. One ... if Congress did not They involved the contras ... establishing a provisional capital, a provisional government, and the U.S. Navy ... preventing the supplies coming in from Cuba If Congress did approve the money, this would happen on a slower time scale, giving the contras more time to consolidate their position. If they did not approve the money, it would happen on a shorter time scale, which would be ... kind of a last-ditch effort ... [by] the contras. That was the plan.

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