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The Nation.

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At that crucial time, the United States began pouring money into Costa Rica. In fiscal 1980, the last year of the Carter Administration, Costa Rica got \$16 million. By 1983, U.S. aid had reached more than \$200 million a year, and nearly \$190 million is already assured for 1986. If the Sandinistas had eighteen *comandantes* instead of nine, a popular joke goes, Costa Rica would be receiving twice as much money.

For the current year an additional \$80 million is expected from the World Bank, \$50 million from the International Monetary Fund and smaller amounts from other multilateral sources, such as the Inter-American Development Bank. Private banks will provide about \$75 million more. Costa Rica now ranks second only to Israel in U.S. direct aid per capita. Most of this money goes to paying interest on the external debt rather than to economic development.

There is more bad news. In 1984 unemployment was recorded at 8 percent and underemployment at 17.5 percent, figures commonly acknowledged to be far too low. A report from President Monge's office late in 1983 put the percentage of rural people in poverty at 83 percent, a figure that has probably improved somewhat. In 1981, one-tenth of 1 percent of the farmers owned about 15 percent of the land, and just 1 percent owned 36 percent of the land. Looking at it from the bottom up, 48.8 percent of the farmers held only 1.9 percent of the land, and the trend toward land concentration has accelerated since then.

The official hope is that Costa Rica can pull itself up by increasing its exports, but it faces competition from every other country in a similar situation. Such prominent and restrained economists as Eduardo Lizano Fait, head of the Central Bank, and Francisco Gutierrez, programs director of the respected think tank Economic and Financial Counselors, say that the government that comes to power next May will have only two or three years to set the country's economic house in order. After that time, unless conditions improve, social unrest could come.

There is widespread agreement that the quality of life in Costa Rica is deteriorating. Opponents of militarization are vilified; the 78-year-old Figueres has been called senile, a communist and even a fifth columnist. At a demonstration last year, two striking workers were killed by the Civil Guard, and in June, to the embarrassment of the government and many Costa Ricans, a riot broke out in front of the Nicaraguan Embassy. When *La Nación* printed a photograph of the latter incident, it blotted out the Free Costa Rica Movement emblem on the shirt of one of the rioters. (That is not surprising considering that the newspaper's subdirector, J.A. Sánchez Alonso, is one of the leaders of the movement. When its president, Bernal Urbina, was asked by journalists who his intellectual mentor was, he pointed to a picture of Francisco Franco.) The Commission for the Defense of Human Rights in Central America reported in July that human rights violations are increasing.

Militarization is not likely to be much of an issue in the elections next February. The two leading candidates to succeed Monge, Oscar Arias Sánchez and Rafael Angel

Calderon Fournier, oppose the Sandinistas. Calderon may take a harder line; an arch-anticommunist, he has been received at the White House by Ronald Reagan and is the darling of far-right political contributors in the United States.

With President Monge's abandonment of neutrality, open political opposition to militarization has almost disappeared, except for José Figueres, a few deputies in the Legislative Assembly and opposition politicians like Juan José Echeverría Brealy. Former Minister of Public Security and of the Interior, and thus onetime head of both the Civil and the Rural Guard, Echeverría fears that an army, even if it is called a police force, could be turned against the people. He complains that the press ignores his criticisms, and he is convinced that social unrest is imminent. The only other open opponents of militarization are those in that coalition of grass-roots Costa Rican organizations and the U.S. Citizens Committee, working together out of the Friends Peace Center. Other leftist organizations are weak and engaged in factional disputes.

The Reagan Administration argues that it is acting to preserve democracy in Costa Rica. But Pedro León, a young cellular biologist at the University of Costa Rica and head of the board of the Friends Peace Center, says that if Ronald Reagan really wants to foster democracy in Central America, he should not force Costa Rica to take sides in his quarrel with Nicaragua. "Just being here and offering an alternative is a service to democracy," he says. "If you don't see that, there's no hope." □

The Carlos File

MARTHA HONEY AND TONY AVIRGAN

San José

For the past eighteen months we have been investigating the explosion of a bomb at a May 30, 1984, press conference called by Edén Pastora Gómez, head of the Democratic Revolutionary Alliance (ARDE), which operates along the border between Costa Rica and Nicaragua. Three journalists and five *contras* died in the blast, which took place in the Nicaraguan border town of La Penca, and twenty-six others, including Tony Avirgan, were injured. Propelled by our personal link to the tragedy and by the growing realization that no government or police agency was seriously investigating the bombing, we sought to uncover the identity of the bomber—a man who, journalists at the press conference say, posed as a Danish photographer, planted a metal box containing the bomb and vanished, uninjured, shortly after the explosion. Our research was supported in part by the Newspaper

Martha Honey is a freelance journalist who reports for The Times and The Sunday Times of London, the BBC and other television networks. Tony Avirgan is a cameraman for CBS and reports for the BBC and National Public Radio. They have lived in Costa Rica for more than two years.

Guild and the Committee to Protect Journalists.

A year's worth of interviews with more than one hundred people in Central and South America, the United States and Europe failed to uncover the bomber's name or many of the details of the plot. We did, however, gather proof that U.S. officials and Costa Rican security officers planted stories in the press, pinning the blame on the Sandinistas and the Basque separatist organization, Euzkadi Ta Azkatasuna (E.T.A.). A number of leads also pointed to Central Intelligence Agency participation in the bombing. Several current or former C.I.A. agents and informants—including a high-ranking Uruguayan police officer and a Cuban from Miami—told us that the agency was behind it. And in the course of our investigation, several names recurred: John Hull, an American who owns and manages a ranch and other extensive properties in northern Costa Rica; a high-ranking official in the Costa Rican Ministry of Public Security; and an anti-Castro Cuban named Felipe Vidal Santiago. Many of our sources implicated these three men in the bombing and said that they all have ties to the C.I.A. (In an interview with us, Vidal denied he had a C.I.A. connection, and Hull told other reporters that he was not involved with the agency.) Despite all our efforts, we were still no closer to discovering the identity of the bomber.

Then, in March, a young Nicaraguan walked into a San José bar and sat down next to a Costa Rican carpenter named Carlos, the neighbor of a North American woman who works in our office. The Nicaraguan, who called himself David, told Carlos about the existence of a dirty tricks squad working for the Nicaraguan Democratic Force (F.D.N.), the leading *contra* group, and said he knew the identity of the La Penca bomber. Through his neighbor, Carlos contacted us, and in the months that followed we supplied him with questions to ask David as well as with approximately \$50 for David's cab fare, to facilitate their meetings. David's story raises numerous questions, and some of it cannot be verified. But as long as there is a chance that he was telling the truth, his story must be published so that journalists and members of the U.S. Congress can investigate his charges.

David's story opens with a string of coincidences that strain North American credulity but are plausible in the overheated, factionalized atmosphere of Central America. On Friday, March 29, 1985, Carlos was sipping a beer in the Rendezvous Bar near the U.S. Embassy in downtown San José. Three men came in; from their accents Carlos judged them to be Nicaraguans. Two of them then left, telling the other to wait for them. This man, described as short, dark-skinned and young, with a smooth round face and straight black hair, immediately turned to Carlos. "You must help me," he whispered. "Hide me. I want to get away. I don't want to be involved anymore in their things. They are going to dynamite the U.S. Embassy and many innocent people will die. I want to get out."

For the next ten minutes, David poured out his story. He claimed to be part of a right-wing group composed of anti-Castro Cubans, Nicaraguan *contras*, Costa Ricans and

North Americans with ties to the C.I.A. They operated from safe houses and *contra* camps in Honduras, Costa Rica, Panama, Nicaragua and Miami, he said, moving "in and out of Costa Rica like a dog from its own house." He said the group was responsible for the La Penca bombing and was planning a series of terrorist attacks which would be blamed on the Sandinistas. These include bombing the U.S. Embassy in Costa Rica and in Honduras, attacking the offices of Costa Rican President Luis Alberto Monge Alvarez and assassinating the U.S. Ambassador to Costa Rica, Lewis Tambs; Miskito leader Brooklyn Rivera; and Urbina Lara, a well-known *contra*.

David trembled as he spoke and seemed near tears. "I'm an anti-Sandinista," he told Carlos. "But these people are much more evil than the Sandinistas." He also claimed they trafficked in cocaine, marijuana and arms. "They are making money off the blood of my brothers and using our cause to get rich." When Carlos asked why he didn't tell his story to the Costa Rican authorities, David replied that a number of government and security officials were collaborating with his group. Out of desperation, he had chosen to confide in a sympathetic-looking stranger. Carlos explained that he could not hide David in his house. As the other two men entered the bar, David urged the carpenter to keep in touch.

Carlos mulled over David's story for several weeks. On three separate occasions he saw David's companions near the U.S. Embassy. Once they got into a gray limousine without license plates. But what overcame Carlos's reluctance to get involved was the announcement, on April 25, that Costa Rican Rural Guardsmen had arrested nine Nicaraguan *contras* and five foreign mercenaries at an F.D.N. camp located on a farm managed by John Hull of the United States. David had told Carlos that part of his group used that camp. Now Carlos feared that the U.S. Embassy really might be bombed. He contacted his neighbor, thinking that she might be able to alert U.S. officials. She notified us, and we spoke with the embassy's security officer, George Mitchell, who seemed unimpressed.

David's story represented a possible breakthrough for us. At last we might have a source who could confirm the rumors we had been hearing and fill in the gaps in our investigation. We urged Carlos to contact David again, and one Saturday not long after, he saw David and the two others near the U.S. Embassy. When David's companions left to make a telephone call, Carlos slipped him a note with our number. David refused to meet with us because of the danger of being seen talking to "gringos," but over the following weeks, he met with Carlos at a series of pre-arranged spots—a park near the university, a hotel, a bus. We supplied specific questions and Carlos tape-recorded their conversations whenever possible, took notes or simply remembered what David had told him.

Carlos described David as being extremely nervous, repeatedly telling Carlos that the others in his group didn't trust him and had threatened to kill him and his brother, who was with the F.D.N. inside Nicaragua, if he was caught passing information. David was planning to flee but was awaiting his brother's arrival from Nicaragua with the rest

of the hit team. In the meantime, he told Carlos, he wanted to expose the dirty tricks squad.

David told Carlos that the man who had planted the bomb at the press conference and who had identified himself as Per Anker Hansen, a Danish photographer, was a right-wing Libyan exile named Amac Galil. He was hired in Chile by two F.D.N. officials and a C.I.A. agent who poses as a journalist, David said. Galil was considered ideal for the job because if his identity became known, most people would assume that he was working for Col. Muammar el-Qaddafi. David said the bombing was planned at meetings in Honduras attended by F.D.N. leader Adolfo Calero Portocarrero; two Miami Cubans, Felipe Vidal Santiago and Rene Corbo; John Hull; and a North American who was identified to David's group as being from the C.I.A.

This story meshed with other accounts we had heard. After analyzing a voice recording of the man later identified as the bomber, made by journalists on the scene, linguists concluded that he was not a native Spanish speaker, and several speculated that he was either Libyan or Israeli. Some of the people whom David and others had implicated in the plot circulated a story that the bomber was a Libyan working for Qaddafi.

In addition we knew something about several of the alleged conspirators. Calero's desire to get rid of Pastora so the F.D.N. can open a second front in southern Nicaragua is well known in *contra* circles. We have a copy of the diary of a U.S. mercenary soldier who served with the F.D.N.

In it he describes a meeting at Calero's house in Miami at which the murder of Pastora was discussed by Hull, some unnamed Cubans and another man, who identified himself as being "from the company." Pastora's aides claim to have evidence linking the C.I.A. to a plot to eliminate "Comandante Zero."

Hull is by his own admission a *contra* patron. Prior to the bombing he aided Pastora; since then, he has quietly supported the F.D.N. Pastora, Costa Rican security officials and mercenaries we have spoken to all claim that Hull works

for the C.I.A. and coordinates F.D.N. operations in Costa Rica.

Two soldiers of fortune, Peter Glibbery and Steven Carr, who say they worked under Hull, told us that he discussed with them several schemes to provoke direct U.S. military action against Nicaragua. These included staging an attack against the northern Costa Rican town of Los Chiles and "spreading around some Sandinista bodies" to make it appear as if Managua were responsible. Glibbery said that on one occasion Hull forbade him to take some Claymore mines because "we may need them for an embassy job later on."

Contra and Cuban sources say that Hull introduced Vidal and Corbo into ARDE as military trainers. The two, who have been connected with ultraright Cuban exile groups in Miami, arrived in Costa Rica in mid-1983, and Pastora aides told us they have long suspected that Vidal had a role in the bombing.

We already had reason to believe that several Costa Rican officials assisted in the plot, helped the bomber escape and planted stories in the press. David named two of them: the man from the Ministry of Public Security and Col. Rodrigo Paniagua, a former agent for the ministry who maintains close ties with it. Former and current ministry employees had told us that the high-level official was responsible for circulating the stories and phony documents blaming the E.T.A. and the Sandinistas for the bombing. They also had said he works closely with the C.I.A. Both government and *contra* sources say that Colonel Paniagua serves as liaison between Hull and security officials. ARDE sources suspect that Paniagua knew of the bombing because he personally urged Pastora to hold the ill-fated press conference.

David also told Carlos that Galil sometimes stayed in Managua at the home of anti-Sandinista relatives of President Daniel Ortega Saavedra, who are involved in drug and arms smuggling.

On July 17, David told Carlos that Galil and his hit team would arrive in Costa Rica in a few days and carry out attacks on the embassy and other targets. Soon after, other strikes would be carried out in Honduras. On July 17, in a diplomatic note delivered to Managua, the U.S. government warned that Nicaragua would be held responsible for terrorist attacks against U.S. personnel anywhere in Central America. Horrified by this message, we contacted a Costa Rican government minister we knew to be a strong supporter of neutrality and an opponent of *contra* activities in the country and told him about the plot. He went straight to President Monge, who instructed him to work with several other officials in carrying out an investigation and snagging the hit team if it entered the country. We exchanged information with Maj. Harry Barrantes, an official of the Costa Rican Rural Guard, who had infiltrated the F.D.N.

Several days later, as David and Carlos were about to part after a long meeting, they were pushed at gunpoint into a jeep by three Costa Ricans, who cried, "We caught you, we've caught the informers." They were driven four hours until they reached what David recognized as one of the *contra* camps located near Hull's ranch house. By assaulting

FOOTNOTE ON AN HISTORIC CASE: IN RE ALGER HISS

William A. Reuben, in his 1983 booklet, identifies 114 factual errors in the Federal District Court of New York's 1982 decision upholding Hiss's conviction for perjury in 1950. That flawed decision, upheld by the U.S. Supreme Court in 1983, stands as the last legal word on one of the most celebrated cases in modern history. 1 copy \$5, 10 copies \$40, 50 copies \$150, 100 copies \$250. Make checks payable to The Nation Institute and send to "Hiss," The Nation Institute, 72 Fifth Avenue, New York, NY 10011.

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one of the guards, the two managed to escape. When Carlos reached San José, he called us. Tony found him, near tears from exhaustion and fright, and got him an out-of-town hiding place. Several days later Carlos insisted on returning to his house.

During the next few days, Carlos received anonymous telephone calls warning him not to talk to anyone. Known *contras* and Cubans cruised past his house, according to government security guards who had been stationed outside at our request. Then, one night, five shots rang out. Several days later, ARDE officials, who knew David because he had once fought with their group, said that they had learned that he had been murdered, and that the *contras* were after Carlos. Costa Rican officials told us the same thing.

Shortly thereafter, Major Barrantes suddenly left for the United States. His startled superiors later learned that the U.S. Embassy had issued a special invitation for him to attend a course at Fort Benning, Georgia. One of his superiors said he has "no doubt" that Barrantes was lured out of Costa Rica to cripple the government's investigation of the terrorist unit. Although we were able to confirm that Barrantes is at Fort Benning, we were unable to reach him for comment.

We made arrangements for Carlos and his family to leave Costa Rica for about a year, and on August 18 they boarded a plane for Western Europe. Several days later, the Costa Rican daily newspaper *La República* carried a distorted story that Rural Guard officials had obtained information from someone named Carlos that the La Penca bomber was a Libyan who fled to Managua after the incident. The paper implied that the bomber was working for Colonel Qaddafi and the Sandinistas.

How accurate is David's story? Does it solve the mystery of La Penca or deepen it? We have confirmed some portions of it; other sections are more difficult to verify. Some coincidences can be explained, others cannot. For example, we still don't know why David chose to confide in a stranger who happened to be the neighbor of one of our co-workers.

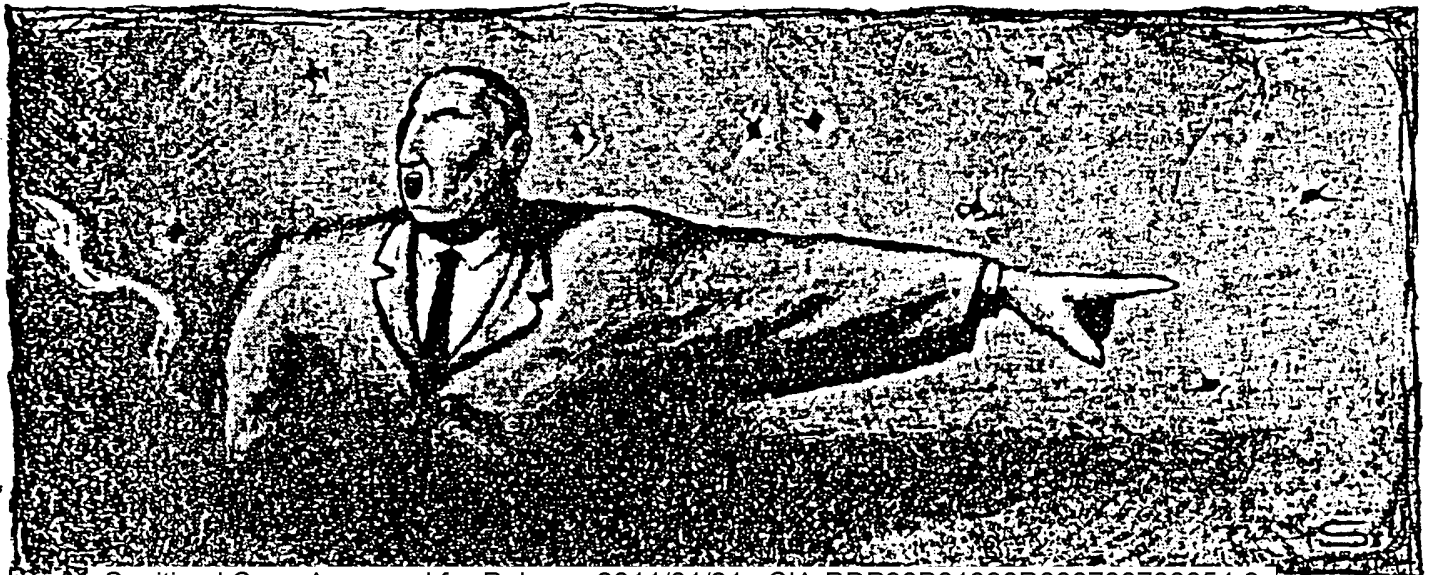
Nor did Carlos and David ever discuss why David's companions left him in the Rendezvous Bar.

We can account for other strange assertions. It is difficult on the face of it to believe that a Libyan could pass for a Dane; and even harder to accept that a Libyan could convince the Swedish television reporter with whom he traveled for several weeks before the bombing that he was a Dane. But "Hansen" claimed that he had been raised in Latin America, which explained why he spoke Spanish but no Danish. He and Peter Torbjornsson, the Swedish journalist, conversed in English because Torbjornsson wanted his Bolivian assistant to learn the language. And Torbjornsson does not appear to have been particularly curious about his companion—not wondering, for instance, why Hansen's wallet was always stuffed with \$100 U.S. bills although Torbjornsson said he claimed to be working for an obscure (in fact nonexistent) photographic agency; or, even more damning, why Hansen didn't know the most popular brands of Danish beer. Although Torbjornsson was a suspect in the bombing, David and our other sources denied that he was involved.

How could David, a relatively minor figure in the terrorist ring, know so many details of its operations? David said that his immediate supervisor was involved in the Pastora bombing and told him much about the operation.

Still, there are details we have not been able to verify. In many cases, David did not know names or positions—of a woman in the Nicaraguan Embassy, for example, who was supposed to be passing money to the *contras*, or of the Costa Rican security officials who were cooperating with the terrorist ring. And Nicaraguan officials have not been able to check out David's assertions about Galil's links with the relatives of President Ortega. Most important, we have not found independent confirmation of Galil's identity.

For all its ambiguities, however, David's tale strongly suggests that the C.I.A. is involved in dirty tricks in Central America which are designed to provoke U.S. intervention. If that is true, Costa Rica may become the Tonkin Gulf of America's next war. □



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2 Held in Costa Rica Tell of Trip From U.S. to Join 'Contras'

By STEPHEN KINZER

Special to The New York Times

SAN JOSE, Costa Rica, July 7—Two foreigners being held here on weapons charges have given detailed accounts of how, they say, they volunteered to join anti-Sandinista forces, traveled to Central America from Florida aboard a plane loaded with weapons and took part in raids in Nicaragua.

Their accounts, given last week, suggested that members of the Costa Rican Civil and Rural Guard have provided intelligence and other help to anti-Sandinista groups operating along the Nicaraguan border.

The two men, Steven Carr, 26 years old, originally of Kingston, N.Y., and Peter Frederick Glibbery, 24, a Briton, were among five foreigners captured by the Rural Guard on April 25. The three others, an American, another Briton and a Frenchman, declined to be interviewed.

Costa Rican officials took strong exception to the men's assertion that Costa Rican guardsmen were collaborating with anti-Sandinista fighters, who are known as contras.

"What the prisoners say is false," said the presidential spokesman, Armando Vargas. "We do not permit

mercenaries to come to Costa Rica to fight against Nicaragua. If we were cooperating with the contras, these mercenaries would be free, but in fact they are in jail."

'Legitimate People'

Mr. Carr and Mr. Glibbery said they had volunteered to fight alongside the largest rebel army, the Nicaraguan Democratic Force. In a telephone interview from Miami, the leader of the Democratic Force, Adolfo Calero Portocarrero, said the men "are legitimate people, volunteers who found their way to Central America in order to cooperate with the struggle against Communism." But he said he had no detailed knowledge of their activities and therefore could not comment on their stories.

Mr. Calero said the Democratic Force, which until now has operated almost exclusively from northern Nicaragua, had begun collaborating with other rebel groups along the Costa Rican border.

Mr. Carr said he came to Costa Rica this year with the help of Bruce Jones, an American citrus farmer who was later expelled from Costa Rica after an American magazine published an account describing his connections to the rebels. He said Mr. Jones introduced him to members of Brigade 2506, an anti-Communist group of Cuban exiles founded by participants in the abortive 1961 Bay of Pigs invasion.

A member of Brigade 2506, Raúl Masvidal, said in a telephone interview that his organization "has participated in efforts to raise money for the contras." But he said the brigade did not supply arms.

Mr. Glibbery said he had come to Central America with the help of an Alabama-based group, Civilian Military Assistance, which has helped other Americans seeking to fight the Sandinistas. He said he and a comrade, John Davies, a former British Army officer he had met in South Africa, fled out from a prison there, wanted to

fight in Central America. Both then traveled by bus to Miami, where they checked into the Howard Johnson Airport Hotel.

Cargo Items Named

Mr. Carr said he volunteered to drive a truck to various depots around Miami to pick up arms and ammunition that Brigade 2506 had acquired and was donating to the anti-Sandinista cause.

He and Mr. Glibbery said the cargo included M-16 automatic rifles, 20-millimeter cannons, 50-caliber machine guns and 60-millimeter mortars.

Tom Posey, who heads Civil Military Assistance, confirmed that he had helped Mr. Glibbery and Mr. Davies travel to Central America. "Their credentials looked good, so we sent them on down," he said by telephone from Alabama. He denied having provided them with weapons.

Mr. Carr and Mr. Glibbery said that early on March 6 they and their three comrades took off from the airport in Fort Lauderdale aboard a chartered cargo plane laden with six tons of military supplies. "There were no customs checks, and nobody asked any questions," Mr. Carr said.

A spokesman for the Customs Service in Miami, Cliff Stallings, said that American law subjects all cargo flights leaving the United States to inspection. "Occasionally people circumvent the Customs law," he said. "It does happen."

A Walk Across the Border

The plane landed at the Hopango military airfield in San Salvador, according to the men's account. From San Salvador, they said, the five flew to San José on a commercial flight.

The men said that on March 25 they walked across the border to a guerrilla camp about 500 yards inside Nicaragua. They said that there were 40 or 50 men at the camp and that they were being supplied by small planes flown from El Salvador by Salvadoran Air Force pilots.

The men said they were regularly visited at their camp inside Nicaragua by uniformed members of the Costa Rican Rural and Civil Guard.

"They were telling us which bases to attack and where everything was," Mr. Glibbery said of the Costa Rican guardsmen. "They gave us all our information."

"The Civil Guard is up to their necks in this," Mr. Carr said. "They were helping us all along."

Attack on Base Recounted

Both men said they had taken part in raids inside Nicaragua. Mr. Carr said he was part of a group that attacked a Sandinista base known as La Esperanza on April 11, and Mr. Glibbery said he and Mr. Davis had led about a dozen men on missions he described as "wandering around inside Nicaragua doing bits and pieces." He would not elaborate.

On April 24, while the five soldiers of fortune were on Costa Rican soil, a patrol of Rural Guardsmen visited them. The two men said they recognized some of the soldiers as frequent visitors and were not alarmed at first. But to their surprise, they said, the patrol arrested all five of them, along with nine Nicaraguans.

There are believed to be divisions within the Costa Rican Government over how harshly to crack down on the rebels. In an interview, Minister of Public Security Benjamin Piza said he believed the five foreigners should be freed and deported because they were charged with "minor crimes." But after consulting with other officials, he reported that the case was in the hands of the judiciary and that he could do nothing because Costa Rica was a "terribly legalistic" country.

"I cannot guarantee that a couple of our men might not have been involved with the contras without the knowledge of the ministry," Mr. Piza said. "If we find out who they are, they will be removed immediately."

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National Public Radio (NPR)
Bob Edwards

Corruption charges against Contra rebel leaders fighting the Nicaraguan government are nothing new. The FBI has been investigating such allegations since 1984. Justice Department officials say there's no substance to the charges, and in fact, the FBI has ended its investigation, but some congressional staff members are not convinced. They say that after investigating corruption charges against the Contras for the last three months they found there is substantial evidence to back up those allegations and more. NPR's Bill Buzenberg reports:

Buzenberg: What makes this congressional investigation so potentially explosive is that it involves not only alleged Contra corruption, but also suggestions that U.S. officials have not wanted this illegal activity uncovered. Richard Lugar, Chairman of the Senate Foreign Relations Committee, has agreed to hold a series of public hearings to air these allegations. The hearings could begin in June, though no date has been set yet. Senator John Kerry, a Democrat of Massachusetts, said the Committee will be investigating violations of the U.S. Neutrality Act, drug smuggling, gun-running, currency law irregularities and other more serious offenses.

Senator Kerry: We are looking at various ways in which our funding of Contras seems, in some respects, to have run amuck.

Buzenberg: Senate staffers have already interviewed more than thirty people. One key witness they have talked to is a former American mercenary in Central America known as Colonel Flaco or, the "thin one". His real name is Jack Terrell, a 45-year old, Alabamian. Terrell says he went to Central America because he believed what he called the Administration's hype about the Freedom Fighters. But in an interview with NPR, Terrell says he became disillusioned about what he saw in the field.

Terrell: The Administration has been on a campaign for four years telling us just how sweet these boys are...you know, and now the cosmetics are coming off and they're gonna see 'em for what they are.

Buzenberg: What they are, Terrell says, is corrupt. He says he began to see that when Contra officers, mostly former Samoza national guardsmen, drew salaries, took vacations, and had houses and many other perks in Honduras. While the mostly peasant rebel soldiers, many of whom had been forced into the Contras and had no will to fight, did most of the fighting and dying. Terrell says he knew something was wrong when he found out the Contra strategy wasn't to win, but to get the United States involved in Nicaragua militarily. He also heard about plans to kill other rebel leaders.

Terrell: I was asked to attend a couple of meetings where the plot to assassinate Eden Pastora was discussed, and I found out right fast that the way that these people handle opposition, is you terminate 'em. And, I had been hearing rumors from people involved in various movements about cocaine trafficking going on in Costa Rica, skimming bank accounts in the Cayman Islands.

Buzenberg: Senate investigators say Jack Terrell's statements have provided them with a road map for their inquiry and they say they have corroborated virtually all of his information through testimony from other witnesses. One specific allegation Terrell makes is a system where Contra leaders have made a business of syphoning off money. Terrell says that the system is run by the Calero brothers---Adolpho Calero, a Miami-based president of the largest Contra group, the FDN, and Mario Calero who handles purchasing and shipping for the Contras out of New Orleans. As an example of this skimming operation, Terrell suggests what happens when equipment is donated to the Contras, such as military backpacks, which cost about \$38 a piece.

Terrell: If someone gave them 1,000 LC-1 (unintelligible) packs to be taken to Honduras and they would in turn, turn around and bill under an invoice Miami for purchasing this equipment as if they paid for it. That's \$38,000 in one pop.

Buzenberg: Other people interviewed by the Senate, complained that there are no controls and little accounting of contributions to the Contras. One described this system as: Adolpho collects the money and Adolpho spends it. The General Accounting Office said it has been unable to fully account for \$15 million out of \$27 million in humanitarian aid. Neither of the Calero brothers could be reached for comment. An FDN spokesman denied that there is any skimming operation in place. And, the State Department says there have been only unsubstantiated charges that funds have been diverted for personal gain. Another charge Terrell makes is that American officials have been involved with the Contras during the two-year period when Congress did not support the rebels and prohibited any government agency from working with them.

Terrell: When they're claiming the CIA had no direct involvement during this time, no government agency--that's bull! I've seen CIA agents, you know, in the field, bringing intelligence information; NSC money going to Costa Rica, and I was told right out of the mouth of agents. You know, this is not second-hand, this is direct information. These people are, you know, violating the law.

Buzenberg: Here's where allegations involving American officials come in. Various published reports have linked Lt. Col. Oliver North, a Deputy Director of the NSC, or National Security Council, to the Contras. North is reported to have been the main White House connection to the FDN, and the U.S. official closest to FDN President, Adolpho Calero, who Administration officials consider indispensable. North declined to be interviewed by NPR, and a spokesman said North had done nothing illegal. According to the Miami Herald, White House officials have advised North to retain his own legal counsel because of the new congressional investigation. Philip Marbry, a Contra fund-raiser from Fort Worth, Texas, says he warned North a year ago that something had to be done to clean up the FDN because the troops in the field were not getting the money and supplies being collected. Marbry says he still backs the Contras, but he supports statements like Jack Terrell's because the more he digs into the Contra leadership situation, the smellier it gets.

Marbry: I've had idle threats made against me for not to continue to speak out. I was asked to go back to the Congress and the Senators and retract what I said in the interest of national security. We don't feel that we are violating any national security by coming out and wantin' to get to the public the truth. After all it's our tax dollars---we have a right to know.

Buzenberg: Philip Marbry...but there are others besides the FDN who criticize statements by former mercenary, Terrell. Terrell served time in the Alabama State Penitentiary and now admits that through false statements he conned his way into the organization, the Civilian Military Assistance Group that sent him to Central America in 1984. Tom Posey, the Director of Civilian Military Assistance, calls Terrell "Colonel Flako" and says he was blackballed from the organization.

Posey: Everything that Jack Terrell told us was a lie. He never was in the military...he even gave emphasis that he was working for the CIA, and when we come to find out all this, it was nothing but lies. He, himself, said he had served time in prison and that was about the only truth that he had told us.

Buzenberg: What about his charges he makes about gun-running, skimming of money, drug smuggling..eh..that sort of thing?

Posey: It's all bullhockey! He has never had anything to do with that because none of it was ever done in the first place.

Buzenberg: The FBI would probably agree. According to a Justice Department spokesman, the U.S. attorney in South Florida and the FBI conducted an inquiry into all of these charges. All leads were completely exhausted the spokesmen said and they turned up absolutely nothing. So, the FBI inquiry was stopped a month ago. Senator John Kerry calls the Justice Department closing of this investigation deeply disturbing.

Senator Kerry: There isn't any question in my mind, no doubt whatsoever, that the allegations are serious, that there is a considerable amount of corroborating information and that it's something that should not be glossed over whatsoever.

Buzenberg: Senate staff members say they want to look into the reasons why federal officials did not appear to delve deeper into these allegations and go after what one staffer called, "the big fish." The staffers suggested there may have been a "damage limitation" operation in place by the Contras' American handlers to avoid embarrassment for the Administration. Congressional hearings on all of these questions could begin as early as next month.

I'm Bill Buzenberg in Washington.....

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United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510

May 7, 1986

The Honorable John Kerry
United States Senate
Washington D.C. 20510

Dear John:

In response to your concerns about the contras, I would propose that we hold a hearing on contra issues in early June.

The purpose of the hearing would be to explore the many issues that have been raised about the contras. Who are they? Ex-Somocistas, ex-Sandinistas, both, neither? As you know, this question has been uppermost in the minds of many. Another matter that concerns Senators is the whole question of contra reform. Has progress been made in their efforts to unify? Have steps been taken to eliminate human rights abuses? Are the civilians asserting control over military forces?

I would like to see a portion of this hearing cover the issues your staff has been looking into. Are the contras as an organization involved in gun-running or drug smuggling? Are individual contra members involved? Does the Administration have evidence related to these allegations? Is it investigating the allegations that have come to its attention?

The Committee staff would like to work with you and your staff in developing witnesses and identifying agencies that could address these questions. I would hope we could schedule something for early June.

Sincerely,


Richard G. Lugar
Chairman

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^AM-Contra-Probe<
 ^By ROBERT PARRY=
 ^Associated Press Writer=
 ^

WASHINGTON (AP) — A senior Justice Department official told a meeting of federal investigators this week that a probe into alleged wrongdoing by Nicaraguan rebels and their American backers remains active and will likely go on "for a long time," two congressional sources said Wednesday.

The reported assessment by Tom Marum, deputy chief of the internal security section of the Justice Department's criminal division, comes amid statements by a department spokesman that the probe has effectively ended after a finding of possible wrongdoing by only one person.

Another Justice Department official, Ken Bergquist, deputy assistant attorney general for legislative affairs, described the department's public statements on the outcome of the probe as "inaccurate," said the sources, who insisted on anonymity.

Neither Marum nor Bergquist returned telephone calls to discuss the case.

The sources said Marum told the meeting on Tuesday that federal authorities have been investigating alleged gunrunning by the U.S.-backed rebels for the past two years and expected the probe to continue.

The meeting involved administration and congressional investigators who have been looking into allegations of cocaine trafficking and gunrunning by the Contra rebels fighting Nicaragua's leftist government.

Justice Department spokesman Patrick Korten said Wednesday an investigation, directed by U.S. Attorney Leon Kellner in Miami, found no evidence of drug trafficking. Korten said the probe uncovered one case of a weapons shipment involving one person and a small number of guns.

"We examined and conducted interviews on every lead or bit of information that we had passed along," Korten said. "None of them led anywhere with the possible exception of one. There just wasn't anything there."

Korten refused to comment on whether Attorney General Edwin Meese had contacted Kellner about the investigation, although he added that such a call would not be unusual.

Other federal officials have acknowledged that some Nicaraguan rebels apparently did engage in cocaine trafficking, particularly after Congress cut off covert CIA support in 1984.

Elliot Abrams, assistant secretary of state for inter-American affairs, told Congress in March that the U.S. government had reports implicating members of Eden Pastora's Democratic Revolutionary Alliance, ARDE, in cocaine trafficking. But Abrams denied participation by other rebel groups.

In April, a Reagan administration report cited "evidence of a limited number of incidents in which known drug traffickers have tried

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 15 establish connections with Nicaraguan resistance groups. ...
 Individual members of the resistance ... may have engaged in such
 activity, but it was, insofar as we can determine, without the
 authorization of resistance leaders.''

In an Associated Press report last December, a senior
 administration
 official, insisting on anonymity, said U.S. intelligence had concluded
 that an ARDE commander used cocaine profits to buy military equipment.
 In late 1984, Costa Rican authorities indicted a leader of a rebel
 splinter group, M-3, on cocaine smuggling charges.

The AP article also cited U.S. law enforcement officials and
 American volunteers who worked with the rebels as saying other Contra
 groups, including members of the CIA-organized Nicaraguan Democratic
 Force, used drug money to support the struggle. The Contra backers said
 they provided detailed information about the cocaine trafficking to
 federal authorities.

In March, the San Francisco Examiner reported that a major Bay Area
 cocaine ring helped finance operations by another Contra group, the
 Nicaraguan Democratic Union-Revolutionary Armed Forces (UDN-FARN), a
 Costa Rica-based group belonging to the rebels' political umbrella
 group, the United Nicaraguan Opposition, UNO.

But Korten, Justice Department deputy director for public affairs,
 said allegations about the Contras had been examined throughout the
 country and 'have turned out (not) to have any foundation as far as we
 have been able to determine.''

Korten said no decision has been made on whether to seek an
 indictment against the one individual linked to gunrunning.

In an interview with the AP last Friday, Ana Barnett, assistant
 U.S.

attorney in Miami, said the Miami drug investigation had focused on
 statements by one informant and was not considered a high priority
 investigation.

'I'm not saying we dropped everything to look into it,' said Ms.
 Barnett, who called the Contra probe a 'baby' investigation.

She said the Miami U.S. attorney's office is the busiest federal
 prosecutor's office in the country and deals with cases involving tons
 of drugs while the allegations against the Contras relate to relatively
 small quantities.

'We want to put (the investigation) back in perspective,' she
 said. 'We have a limited amount of resources.''

A secretary in Ms. Barnett's office said Wednesday that all calls
 about the investigation are now being directed to Korten in Washington.

The federal probe occurred at a politically sensitive time as
 President Reagan pressed Congress to approve \$100 million in mostly
 military aid for the rebels, a request now sidetracked in the House.

Sen. John Kerry, D-Mass., who has been conducting a staff
 investigation of the charges, said, 'The fact that Justice Department
 has said it has closed its investigation into allegations of criminal
 wrongdoing by the Contras and their American supporters is deeply
 disturbing.'

'It only reinforces my sense that the Congress should investigate
 these allegations fully and I look forward to hearings that will
 uncover the truth.''

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