

REUTERS  
25 March 1987

CASEY MASTERMINDED MONEY-FOR-CONTRAS DEAL, REPORT SAYS

Former CIA Director William Casey masterminded the Reagan administration's efforts to get military supplies to the Nicaraguan rebels, The New York Times said today, citing three unnamed congressmen.

Casey, now critically ill with a brain tumor, has become the focus for the congressional investigations into the Iran-contra scandal, the newspaper reported.

The three lawmakers cited in the article -- two senators and a representative -- were quoted as saying they did not know whether Casey was involved in diverting funds from Iran arms sales to the Nicaraguan rebels, known as contras.

However, the lawmakers and their staffs were quoted as saying they believed that Casey had encouraged Marine Lt. Col. Oliver North, formerly of the White House National Security Council, to coordinate the military supply operation in order to mask the CIA's involvement and to avoid having to report the matter to Congress.

The report quoted a Republican lawmaker as saying Casey's actions would explain how North, a relatively low-ranking officer, would have been able to direct such an important operation, as well as why he thought he had the authority to divert arms sales profits to the contras.

"Casey's fingerprints are everywhere," one lawmaker was quoted as saying. "North surely needed the expertise and help of the CIA to do all the things he did in Central America."

Casey last year told a congressional committee he had had no role in supplying the contras.

Robert M. Gates, then Casey's deputy and now acting CIA director, said in congressional testimony last month that neither Casey nor the agency took part in activities which Congress had prohibited, the report said.

In a related story, the Washington Post said the probability that Casey's illness would keep him from testifying would leave large gaps in investigations because Casey was a leading advocate of U.S. support for the contras and for U.S. arms sales to Iran.

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It quoted former Secretary of State Edmund Muskie, a member of the presidential commission investigating the Iran arms scandal, as saying recently that the commissioners felt Casey knew more about the scandal than anyone except North, who was fired from his White House post November 25.

The Post gave no details of Casey acting to supply the rebels but said it was he who began the U.S. covert aid operation that led to creation of the contras in 1981 and who was one of the contras' chief defenders in the Reagan administration.

It also said Casey wrote a memorandum December 10, 1985, after a White House meeting that expressed confidence that Reagan would approve U.S. arms sales to Iran if that would free U.S. hostages in Lebanon.

It said Casey's memo for his own files read, "I suspect (Reagan) would be willing to run the risk and take the heat in the future if this will lead to springing the hostages."

In a separate story, the Post said independent counsel Lawrence Walsh had asked Saudi Arabia's U.S. ambassador, Bandar bin Sultan, to voluntarily answer questions about the Iran affair.

The Post had said earlier that Robert McFarlane, Reagan's former national security adviser, had written investigators shortly before his suicide attempt last month that Bandar arranged for Saudi contributions to the contras beginning in mid-1984 at one million dollars a month.

Bandar has denied Saudi officials made such contributions.