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OCA 95-2274

OCA 95-2274
16 August 1995

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing for Representative James Leach (R-IA)
Regarding [redacted] in Arkansas in the
Late 1980s with NSA - 21 July 1995

(b)(1)
(b)(3)
(b)(6)

1. On 21 July 1995, at 1000 hours, in room 2186 Rayburn House Office Building, Chairman James Leach (R-IA), Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of [redacted] in Arkansas in the late 1980s. Agency participants were: [redacted] Investigative Staff, Office of Inspector General; [redacted] Chief, Legislation Group, Office of Congressional Affairs; and the undersigned. NSA participants were: Frank Newton, Inspector General, and [redacted] Congressional Affairs. [redacted]

2. Representative Leach began the briefing by saying that he was not interested in opening a new probe of U.S. Contra-policy or suggesting wrongdoing by either Agency, especially since he served on the October Surprise Task Force, where he was convinced that the Marcos' walked away with billion of dollars. Leach, however, did say he based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, [redacted] and an Arkansas-centered network of banks formed to [redacted] (see attached incoming letter). Leach also said that over a period of time he had talked to a lot of people regarding this issue. He said that most of the allegations contained within the articles were probably false, but he felt an obligation to look into Whitewater related allegations on behalf of the Banking Committee. That said, some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable. [redacted]

3. [redacted] along with Frank Newton, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded [redacted] to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush



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background briefing on how NSA conducts its normal daily activities [redacted] [redacted] said that the capability of the IG to conduct its function depends in part on cooperation by others with CIA and thus far the IG had not look into any of these allegations. However, [redacted] said as he understood the current issue, a thorough search had been conducted by CIA regarding PROMIS/Inslaw issues relating to Systematics, Inc., Mena, and Hadron, during a much earlier timeframe. Also, he understood that thus far very little information had been found to be responsive to the exact allegations contained in the current letter. [redacted] however, did say that the Agency had perhaps made some connections within the larger picture of things. The Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena. Seal's association with the Drug Enforcement Agency (DEA) was widely publicized, [redacted]

[redacted] As for PROMIS, that issue had been looked at in-depth by the Senate Select Committee on Intelligence (SSCI) and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software. [redacted]

[redacted] Chairman Leach was also informed that we had not found any records related to Systematics of Arkansas, a banking software firm, [redacted]

4. [redacted]

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5. [redacted]

6. Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. For those questions and responses, please see attached pages from a draft memorandum provided by staffer Jamie McCormick and checked against the personal notes of the undersigned. The responses in the draft memorandum correspond correctly to the personal notes of the undersigned.

7. Leach concluded by once again saying he has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold hearings on these allegations in the fall. (U)

8. The briefing lasted approximately 90 minutes. Leach was informed that the Agency would continue to check its records, especially on questions relating to: 1) Park-o-Meter; 2) CIA's relationship, if any, with Terry Reed; and 3) whether the CIA had any connection to Seal's cargo plane (serial number 54-0679).

[redacted]
CIA Liaison Group
Office of Congressional Affairs

Attachments

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(R-IA) Regarding [redacted] in
Arkansas in the Late 1980s - 21 July 1995

DCI/OCA/CIALiaisonGrp [redacted] (22 Aug 95)
OCA 95-2274 [redacted]

Distribution:

Original - OCA Records (w/atts)
1 - D/OCA (w/o atts)
1 - [redacted] (w/o atts)
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With the Congress

07/25/95

Briefing for Representative Leach (R-IA) on Allegations of [redacted] in the Late 1980s

On 21 July, Chairman James Leach, Committee on Banking and Financial Services, and staffer Jamie McCormick, received a briefing, at Leach's written request to the DCI, on allegations of [redacted] in Arkansas in the late 1980s. Leach based his request for the briefing on reports that have appeared in the press that refer to secret foreign bank accounts held by prominent people in Mena, Arkansas, [redacted] and an Arkansas-centered network of banks formed to [redacted] CIA's Office of Inspector General, and [redacted] Office of Congressional Affairs, along with Frank Newton, NSA's Inspector General, responded to Leach's questions regarding each Agency's current knowledge on involvement with any of the alleged allegations contained in his letter. Newton responded [redacted] to all of the questions posed in the incoming letter, but did, however, provide a brief broadbrush background on how NSA conducts its normal daily activities [redacted]. [redacted] said that a thorough search had been conducted by CIA, and thus far very little information had been found to be responsive to the exact allegations contained in the letter. [redacted] however, did say that the Agency was aware of Barry Seal, but had no relationship with him nor any records regarding his activities in Mena. As for PROMIS, that issue had been looked at in-depth by both SSCI and the House Judiciary Committee in 1991 and 1993. The conclusion then and still is that the Agency never purchased any INSLAW/PROMIS software. Chairman Leach was informed that we had not found any records related to Systematics of Arkansas, a banking software firm [redacted]

Leach, after listening to the responses to his earlier questions, proceeded to ask approximately 45 other questions regarding the issue, basically repeating many of the issues already addressed. Leach said he had talked to a lot of people regarding this issue, but he emphasized that he was aware that most of the allegations were false. Leach also said that he has concluded that some allegations may be credible, some totally unbelievable, but as information goes out to the American public in non-traditional ways, it becomes more believable. He has an obligation to look into the matter on behalf of the Committee, and asked us to inform the DCI and DIRNSA that he may hold a hearing on these allegations in the fall. (U)

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Follow Up Actions: Provide McCormick with a copy of SSCI letter regarding PROMIS.

[Redacted]

OCA/LiaisonGrp

[Redacted]

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Responses to Chairman Leach's Prepared Questions of 7/21

Q: Have any of you or anyone else at either the CIA or NSA discussed this inquiry from us with anyone at the White House, the Department of Justice, or any other governmental organization?

A: No, not in response to Chairman Leach's letters requesting a briefing.

Q: Does the CIA or NSA have knowledge of or any involvement in clandestine activity by the U.S. Government or any private parties in or near Mena, Arkansas, in the 1980s?

A: CIA's knowledge [redacted]

[redacted] NSA [redacted]

Q: Have any reports on activities in and around Mena been prepared for the DCI, specifically, for former Director Woolsey?

A: No. The only reports the CIA has were prepared in conjunction with the Chairman's requested briefing.

A. Gun Smuggling

Q: Did the CIA or NSA have any involvement in, or knowledge of, any operation by the U.S. government or the so-called "private benefactors" (led by retired Gen. Richard Secord) to train pilots and/or ship arms from the Rich inter-mountain regional airport at Mena to the Nicaraguan Contras?

A: NSA, [redacted] CIA representatives replied that they "did not think so." CIA noted that the IG had checked back records on this issue in 1994 and had discovered no responsive information. CIA noted parenthetically that the operational activities of the private benefactors were mainly conducted from southern Florida.

Q: (Skipped) If so, did any such activities take place with the knowledge or approval of other Federal officials?

Q: (Skipped) Did any such activities take place with the knowledge or approval of Arkansas state government officials?

Q: (Skipped) Did the CIA contract with any Arkansas manufacturers to build automatic weapons for the Nicaraguan Contras?

Q: Does the CIA or NSA have any contractual or other relationship with, or knowledge of, an Arkansas company called Park-o-Meter, also known as POM? Do you have any reason to believe that POM produced disposable fuel tanks for use by Barry Seal and possibly others in connection with supplying arms to the Contras?

A: NSA [] CIA had no knowledge, but would check and get back to the Chairman.

B. Barry Seal and Associates

Q: (Skipped) Did the CIA or NSA have any contractual or other relationship with the late Adler Barriman "Barry" Seal (Seal was murdered, allegedly at the direction of Columbian drug lords, in Feb. 1986)?

Q: To your knowledge, did any other government agency (such as the DEA or DIA) have any contractual or other relationship with Barry Seal?

A: NSA, [] CIA had no confirmation from any other USG agency, including DEA, that Seal had any government contracts

Q: Is the CIA or NSA aware of any IRS determination that money earned by Seal between 1984 and 1986 was not illegal because of his alleged CIA-DEA employment?

A: NSA, [] CIA, no.

Q: Did the CIA have any involvement in, or knowledge of, the installation of cameras on Seal's C-123K transport plane for use in a 1984 "sting" operation against the Sandinista official Federico Vaughan?

A: CIA, no.

Q: Was Seal's C-123K cargo plane, christened Fat Lady (serial number 54-0679), sold by Seal to the CIA or any other U.S.-government related entity? Was this the plane later shot down over Nicaragua with a load of arms destined for the Contras?

A: CIA, no records suggested it was.

Q: Did the CIA have any contractual or other relationship with Terry Reed, a former Air Force intelligence officer (who claims he had a relationship with the CIA in the 1980s) and author of Compromised: Clinton, Bush and the CIA?

A: CIA had no knowledge, but would check further.

Q: Did the CIA ever have dealings with former Arkansas State Trooper L.D. Brown?

A: CIA no, not beyond as stated earlier in their presentation.

Q: Is the CIA or NSA aware of any attempts by federal or state officials to interfere with or terminate any investigation [by] the IRS, Justice Department, Arkansas State Police or any other law-enforcement authorities into Mena-related criminal conduct?

A: CIA, no. NSA,

C. Narcotics Smuggling

Q: Did the CIA or NSA have any knowledge of or involvement in illicit narcotics trafficking, possibly by rogue operatives, in or near Mena, Arkansas? As you know, there have been allegations that on their return flights from Central America, pilots smuggled more than 20 tons of cocaine into Mena.

A: NSA, CIA no. noted that CIA had also checked with its counter-narcotics center, which reported no responsive information available.

D. Money Laundering

Q: Did the CIA or NSA have any indication that local businesses and Arkansas

A: NSA, CIA, no.

Q: Does the CIA or NSA have any indication that Barry Seal or his associates attempted to

A: NSA, CIA, no.

Q: Does the CIA or NSA have any indication that the proceeds from illicit narcotics trafficking might have been laundered through the Arkansas Development Finance Authority (ADFA)?

A: NSA, CIA, no.

E.

Q: Does the CIA or NSA know of any secret or more ever held by U.S. citizens domiciled in Arkansas at anytime between 1988 and now?

A: NSA

CIA representatives stated

that, to the best of their knowledge, CIA maintained the same policy. CIA also stated that any records it might have had would have been [redacted]

Q: (Not directly asked, referenced indirectly in the eighth question in this section) Is the CIA or NSA aware, directly or indirectly, of any efforts by [redacted]

Q: Does the CIA or NSA have the capability of [redacted]

A: [redacted]

[redacted] CIA representatives had no specific knowledge with respect any such agency capability, [redacted]

Q: [redacted] does CIA and/or NSA have the capability, directly or through another party, of [redacted]

A: Newton stated NSA has [redacted]

Q: (Skipped) Does CIA or NSA have the authority to [redacted]

Q: (Skipped) Has CIA or NSA ever [redacted]

Q: Does the CIA maintain a team of skilled computer hackers who routinely break into the electronic data systems of foreign banks? According to one source, this group is informally known as the Fifth Column. Correct?

A:

Q: (Skipped) Does NSA

Q: Does the CIA or NSA know of or has either agency participated in, directly or indirectly, efforts to sell software -- notably versions of a program in use at the Justice Department called PROMIS -- or other devices to foreign banks for the purpose of facilitating of their electronic data systems?

A: NSA, CIA,

Q: (Skipped) Does the CIA or NSA know of customers to whom this software has been sold?

Q: Is the CIA or NSA aware of any attempts by

A: NSA, CIA, no.

Q: Does CIA or NSA know of any efforts by

A: NSA, CIA, no.

Q: Has the CIA or NSA received any indication that proceeds from the sale of PROMIS or similar software were used to finance arms shipments to the Contras?

A: CIA, no. NSA,

Q: (Skipped) Are there any indications of cooperation by

Q: (Skipped) Is the CIA or NSA aware of any unauthorized efforts, possibly in the margin of legitimate intelligence operations, [redacted]

Q: Does CIA or NSA know of a Charles Hayes, who was born on 4/27/35, whose social security number is [redacted] and now resides in Nancy, Kentucky?

A: CIA, no. NSA, [redacted]

Q: If so, has Hayes ever had any ties to the CIA or NSA or any other U.S. government agency? Have these ties been severed?

A: CIA, no. NSA, [redacted]

Q: Hayes claims to be able to break into the electronic data systems of foreign banks. Has CIA [redacted]

A: [redacted]

Q: Is NSA or CIA aware of an account, number b-142AB2, at the Banca Della Svizzera Italiano in Chiasso, said to have belonged to [the late] Vincent Foster?

A: NSA, [redacted] CIA, no. [redacted]

Q: Does the CIA or NSA know of any secret Swiss bank account that used to belong jointly to Vincent Foster and others that supposedly contained contributions to the Clinton presidential campaign?

A: CIA, no. NSA, [redacted]

Q: Is the CIA or NSA aware of a fund known variously as the Medders or Meeders or Meadows or Meadors or Meaders Trust or Estate? The fund was allegedly first deposited at Pittsburgh's Mellon Bank some 50 years ago and is now reportedly worth billions. The allegation is that a legally ungoverned trust is under de facto control of a bank or group of banks under prospective legal challenges from alleged heirs and that income is so large that it is used as a secret source of funds by banks and high-ranking officials for sensitive political and economic purposes. The money and its movements, it is alleged, are hidden in a complex web of electronic transactions among the banks in the group.

A: CIA, no. NSA,

Q: Is it possible, and does CIA have any information that might suggest, that alleged Mena-related activities stemmed from private Nicaraguan assistance groups, perhaps under the supervision, or at least knowledge of, Colonel North?

A: NSA, CIA was not aware of any such activity in or around Mena.

Q: Did either NSA or CIA ever request that any government organization cooperate or not interfere with aircraft operating out [of] Mena?

A: CIA, no. NSA,

Q: Is either the NSA or the CIA aware of any foreign governments who might have provided arms, money or any assistance to any group operating out of Mena?

A: NSA, CIA, no.