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APPROVED FOR
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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

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(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.

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.

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] 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. [redacted]

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]

[redacted]
Office of Congressional Affairs

Attachments

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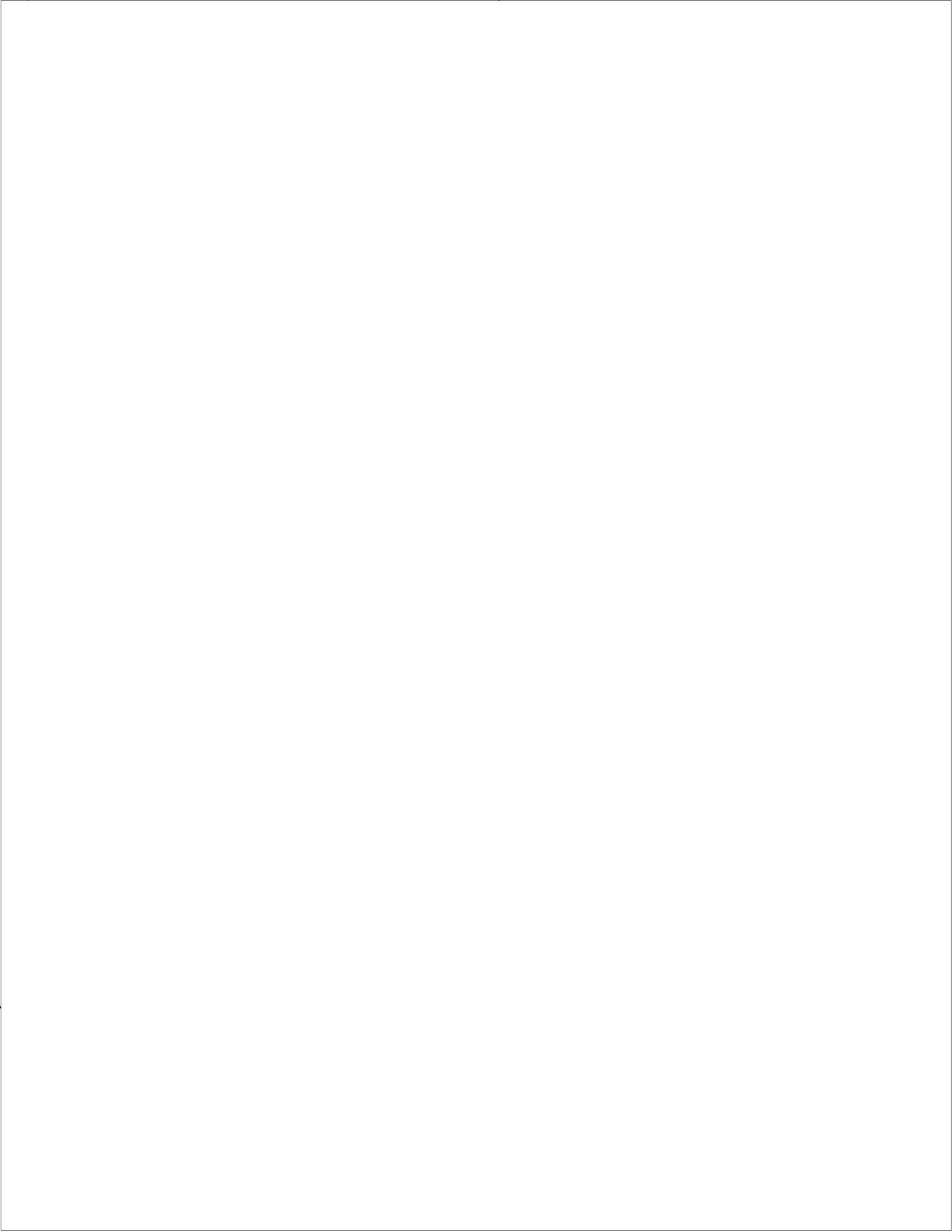
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DCI/OCA/CIALiaisonGrp [redacted] (22 Aug 95)
OCA 95-2274 [redacted]

Distribution:

Original - OCA Records (w/atts)
1 - D/OCA (w/o atts)
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19 July 1995

7/19 read from DC

Note to: Acting DCI
From: Acting Director of Public Affairs
Subject: Mena

The August issue of The American Spectator takes up the Mena story in a way that is likely to resonate on the Hill (see attached article).

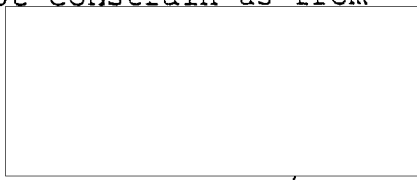
It alleges, explicitly and implicitly, that an aircraft operated by a CIA front company in 1984 used the airfield at Mena, Arkansas, as a staging point for weapons supply flights to the Contras in Nicaragua; on the return flights from Honduras, the aircraft allegedly carried illegal narcotics to Mena. The narcotics runner, Barry Seal, allegedly paid off then-Governor Clinton's protege, L. D. Brown, and one Dan Laseter, a Clinton contributor.

This is the latest repackaging of allegations previously made by the Wall Street Journal.

I understand that Fred Hitz or someone from his staff, along with other CIA officers will brief Congressman Leach on Friday 21 July in an attempt to address his concerns about these and other allegations.

In the mean time, we are receiving media queries on Mena, most recently from Michael Isikoff of Newsweek on 18 July. With the publication of The American Spectator article, we expect more.

At present, although there is no reason to believe any of the allegations, we are declining to comment publicly, pending exhaustive searches of DO files, as tasked by OCA. As soon as those searches are complete, we hope to have a crisp public statement that distances us from the allegations--if the Agency IG's look into them does not constrain us from doing so.



CC: EXDIR, GC, D/OCA, ADDO, ADDI, DDA, D/AIS /