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13.0 JUN 1994

MEMORANDUM FOR: Executive Assistant
Director of Central Intelligence

VIA: Deputy Director for Operations

FROM:

SUBJECT: Wall Street Journal Allegations of Possible CIA
Operations in Arkansas

1. Background: The Wall Street Journal of 29 June 1994 contains an article entitled "Mysterious Mena" by Micah Morrison which claims possible CIA activities/operations in the mid-80s at Arkansas' Mena Intermountain Regional Airport. The article states in the early to mid-80s Rich Mountain Aviation at Mena was used as a base of operations by a cocaine smuggler, Adler Seal, who traveled to Nicaragua in 1984 with a CIA equipped aircraft to photograph Sandanista involvement in drug running. The article also suggests mid-80s training of Contras at a site near Mena Airport on land owned by the head of Rich Mountain Aviation. The author of the article suggests that Seal was flying drugs into the U.S. and Contras and weapons out. A new book, according to the article, claims Gov. Clinton, and his inner circle, along with Oliver North and CIA were involved in a conspiracy which included training Contras, sending weapons to Central America, smuggling cocaine into the U.S. and laundering funds through Arkansas banks.

2. While it is not possible for us in the short period of time to research the files related to the period of this article, we can say with certainty that the DO has never had a proprietary at Mena nor is there any record of dealings with Rich Mountain Aviation. [redacted] when a Mena Airport facility was used [redacted]

WARNING NOTICE
INTELLIGENCE SOURCES
OR METHODS INVOLVED

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3. [REDACTED]

4. Our records also show [REDACTED] support in terms of
[REDACTED]
to a [REDACTED] training operation at Mena Airfield. The exercise
ran from [REDACTED]

5. We have canvassed officers [REDACTED]
[REDACTED] and there is no indication Contra
training of any kind was undertaken by CIA at Mena or anywhere in
Arkansas. Because we are dealing with a period ten years ago, a
review of the [REDACTED] files would be necessary for
possible documentary confirmation the Mena area was never used by
the Agency for training.

6. It is believed Mr. Seal had an aircraft equipped by CIA
to photograph Nicaraguan drug lords. Seal was at the time a DEA
asset and the camera was installed at the request of DEA.
Research will be required if additional information on this
operation is required.

7. The book mentioned in the article "Compromised:
Clinton, Bush and The CIA" claims a conspiracy which exists only
in the minds of the authors.



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[redacted] (30 June 94)

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Mysterious Mena

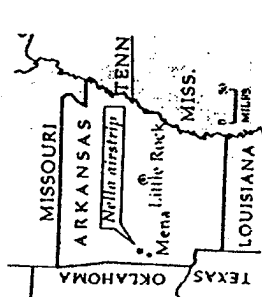
By MICAH MORRISON

MENA, Ark. — Reporters now trolling Arkansas are pulling up many stories that may have only fleeting relation to Whitewater or the Clintons, but are worth telling simply for their baroque charm. And none is more baroque than the tale of the Mena Intermountain Regional Airport, a site connected with aircraft renovation, appar- ent CIA operations and a self-confessed drug runner.

There is even one public plea that Special Counsel Robert Fiske should investigate possible links between Mena and the savings-and-loan association involved in Whitewater. The plea was sounded by the Arkansas Committee, a left-leaning group of former University of Arkansas students who have carefully tracked the Mena affair for years.

While a Whitewater connection is purely speculative, Mena certainly does seem a fruitful opportunity for thorough investigation, by Mr. Fiske or any other competent authority. It's clear that at Mena Airport unusual things took place. **Outlaw's Paradise**

What the Arkansas Committee calls the "complex of events" surrounding Mena is the stuff of spy novels and thrillers, potentially including smuggling, CIA and Drug Enforcement Agency covert operations, money laundering and murder. There is no reliable evidence linking any of these events to Bill Clinton, except that he was governor of Arkansas when state and federal investigations of Mena were frustrated.



Mena is a good setting for a mystery. The pine and hardwood forests of the Ouachita Mountains surrounding it have long been an outlaw's paradise, home to generations of moonshiners and red-dirt marijuana farmers. In 1981, cocaine smuggler Adler Berriman ("Barry") Seal arrived on the

scene, establishing a base of operations at Mena Airport. Mr. Seal's record is well-known to law-enforcement officials; he often claimed to have made more than \$50 million from his illegal activities.

Working out of a hangar at Rich Mountain Aviation, one of the local businesses that was turning Mena into a center for aircraft refurbishment, Mr. Seal imported as much as 1,000 pounds of cocaine a month from Colombia in the early 1980s, according to Arkansas State Police Investigator Russell Welch, who pursued the Seal case for over a decade. In 1984, Mr. Seal "rolled over" for the DEA, becoming

twin-engine airplane traffic, things like that," says former Internal Revenue Service Investigator William Duncan, who began investigating Mena in 1983. Residents of the countryside around Nella confirm reports of planes dropping loads in the mid-1980s. "But people don't talk much about that around here," said one local resident. "If you do, you might wake up one morning to find a bunch of your cattle dead."

Mr. Duncan and Mr. Welch, the Arkansas State Police investigator, pressed forward with their probes of Mr. Seal and Rich Mountain Aviation. They

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one of its most important informants. He flew to Colombia and gathered information about leaders of the Medellin cartel, including drug kingpin Carlos Lehder, and testified in other high-profile cases.

He also flew at least two drug runs to Nicaragua, one of them entangling him in the Reagan administration's anti-Sandinista effort. On a mission in mid-1984, Mr. Seal later testified, the CIA rigged a hidden camera in his C-123K cargo plane, enabling him to snap photos of several men loading cocaine aboard the aircraft—one of them allegedly an aide to Sandinista Interior Minister Tomas Borge.

Back at Mena, meanwhile, Mr. Seal's business associate, Fred Hampton, the owner of Rich Mountain Aviation, purchased a land tract near the tiny backwoods community of Nella, 10 miles north of Mena, and cut a runway into it. Local law enforcement officials believe the land was purchased at the behest of Mr. Seal.

By 1984, reports were filtering in about odd military-type activity around Nella. "We had numerous reports of automatic weapons fire, men of Latin American appearance in the area, people in camouflage moving quietly through streams with automatic weapons, aircraft drops,

the intelligence community. Yet repeated attempts to bring the Mena affair before grand juries in Arkansas, Gov. Bill Clinton, and federal authorities all failed, meeting a wall of obfuscation and obstruction.

The "CBS Evening News," one of the few national news organizations to take a serious and discriminating look at Mena, recently broadcast an interview with Charles Black, a prosecutor for Polk County, in which Mena is located. He said he met with Gov. Clinton in 1988 and requested assistance for a state probe. "His response," Mr. Black said, "was that he would get a man on it and get back to me. I never heard back."

Asked for comment, White House spokesman John Podesta cites a state government offer of \$25,000 to aid a Polk County investigation, an offer long under dispute in Arkansas. "The governor look whatever action was available to him," Mr. Podesta says. "The failing in this case rests with the Republican Justice Department."

Following pressure from then-Arkansas Rep. Bill Alexander, the General Accounting Office opened a probe in April 1988; within four months, the inquiry was shut down by the National Security Council. Several congressional subcommittee inquiries sputtered into dead ends.

In 1991, Arkansas Attorney General Winston Bryant presented Iran-Contra prosecutor Lawrence Walsh with what Mr. Bryant called "credible evidence of gunrunning, illegal drug smuggling, money laundering and the governmental coverup and possibly a criminal conspiracy in connection with the Mena Airport." Seventeen months later, Mr. Walsh sent Mr. Bryant a letter saying without explanation that he had closed his investigation.

Mr. Duncan resigned from the IRS after repeatedly clashing with his superiors over the Mena affair. Mr. Welch was given a number of strong hints that he should devote his energies elsewhere. "I believe there was a coverup of events at Mena," Mr. Duncan says. "We don't really know what happened out there. Every time I tried to follow the money trail into...

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But what, if anything, does Mena have to do with Whitewater? A small conspiracy-theory industry has grown up around the mysteries of Mena. In a new book, "Compromised: Clinton, Bush and the CIA," authors Terry Reed and John Cummings claim that Gov. Clinton and his inner circle, along with Lt. Col. Oliver North and the CIA, were involved in a conspiracy that included training Contras at Nella, sending weapons to Central America, smuggling cocaine into the U.S. and laundering funds through Arkansas banks. Little hard evidence is presented to back up these startling claims, yet the book should not be dismissed out of hand. Certainly, something was going on at Mena and Nella. And the authors raise the interesting question: What happened to all of Barry Seal's cocaine money?

Intriguing Coincidence

In an intriguing coincidence, while running Barry Seal as an agent, the DEA also was conducting an investigation into the drug-related activities of Little Rock bond dealer and Clinton supporter Dan Lasater. In October 1986, as Mr. Lasater was being charged in Little Rock with conspiracy to distribute cocaine, the DEA confirmed that he was the target of a drug-trafficking probe involving his private plane and a small airfield at the New Mexico ski resort Angel Fire, which Mr. Lasater purchased in 1984.

Mr. Lasater's bond shop also executed a mysterious series of trades on behalf of Kentucky resident Dennis Patrick, who says he had no knowledge of the millions in trades reflected in his account in 1985 and 1986. It's unclear what these trades represent, since Mr. Patrick's confirmation slips show only paper transactions, with little money in or out. Yet it's interesting to note that the hectic activity in the account came to an abrupt halt in February 1986—the month Barry Seal was killed.

Of course, it all may be just a coincidence, and perhaps Gov. Clinton did not even know that drug smugglers, the CIA and the DEA were operating in his backyard. Perhaps he did not want to know. After all, as we have come to learn, Bill Clinton's Arkansas was a very strange place.

Mr. Morrison is a Wall Street Journal editorial page writer.

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