

well, none of my other colleagues are planning to leave, except to stay involved in any way they profitably can for the good of public service.

Ms. MILLENDER-MC DONALD. Thank you very much for the testimony.

The CHAIRMAN. Thank you very much, ma'am.

At this time, then, I would call Maxine Waters from California's 35th District. And we are pleased to have you before us today, Maxine, to talk about the report that is being provided to us by Mr. Hitz.

STATEMENT OF THE HON. MAXINE WATERS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

Ms. WATERS. Thank you very much, Mr. Chairman and Members. I would like to thank you for holding this hearing. Certainly it is not expected of the Intelligence Committee, and I am very pleased that we have so many Members present today.

I would like to beg your indulgence, I know you spoke of a time limit, but it is very difficult to talk about all of this information in 10 minutes, but I am going to try to do it as quickly as I possibly can.

Mr. Chairman and members of the committee, I am here today to testify about the failure of the Central

Intelligence Agency to conduct a serious and thorough investigation into the allegations of CIA involvement in cocaine trafficking to fund its Contra war activities. Unfortunately, my fear that the CIA would be unable to investigate itself has been confirmed with this report. The Inspector General's Report lacks credibility. It is fraught with contradictions and illogical conclusions. In a September 3, 1996 memo, then-CIA Director John Deutch laid out the framework for this investigation. In his introductions to CIA Inspector General Frederick P. Hitz, Director Deutch stated, "I have no reason to believe that there is any substance to the allegations published in the Mercury News." Despite his premature conclusion, a serious, substantial and credible investigation and interview process would have proven him wrong. If the CIA Director's premature conclusion was meant to direct the final outcome, he has succeeded. This report's sweeping denial of the CIA's knowledge of drug trafficking related to the Contras defies the evidence and the logic that the CIA should have known.

From the days of the CIA's first response to the allegations raised in the "Dark Alliance" series, many skeptics believed that the CIA could never produce a credible or truthful review of wrongdoing by its own agency. These skeptics could point, if they would like, to this

Sunday's Los Angeles Times to confirm their fears. The Times reported in another case, that after 37 years, the CIA finally admitted publicly the most profound deception imaginable on an American family. Thomas Pete Ray and his top secret squadron of National Guard bombers were shot down during a CIA bombing mission in the Bay of Pigs debacle. For 37 years the CIA denied that Mr. Ray and his squadron even existed, much less were shot down by Cuban troops in 1961. Only this month, faced with a document obtained by Freedom of Information Act request by the National Security Archives, did the CIA finally admit the truth, 37 years later.

My deep concern about the allegations raised in the "Dark Alliance" series that my government could have in any way been involved in or had knowledge of drug trafficking has caused me to spend much of my own time and resources to find out more about these allegations.

After reading the "Dark Alliance" series, I interviewed Gary Webb, writer of the series and by the way, Mr. Chairman and Members, Mr. Gary Webb is here today. He is sitting right here in this seat, and I invited him to come. He has put a lot of time and work into this investigation and I have been working with him since the first day that I read it, and I think that he should be privy to all information as he continues his work in this area.

I interviewed Gary Webb, the writer of the series. I invited him to come to my district in south central Los Angeles to respond to questions from local residents. My community encouraged my investigation and supported me in my efforts to delve deep into these allegations.

I personally interviewed a number of key figures in the "Dark Alliance" series. I first met with and interviewed Mr. Alan Fenster, who was the attorney for Ricky Ross. Then I drove to San Diego to the Metropolitan Detention Center where I interviewed Mr. Ricky Ross, the young man who was trafficking in drugs in south central Los Angeles that were being sold to him by Mr. Norwin Meneses and Mr. Denilo Blandon. He was being held in the Metropolitan Detention Center facility on drug charges.

I also then drove to a restaurant in the valley where I met with Mr. Celerino Castillo, the DEA agent who had investigated the drug trafficking operation at the Ilopango airfield in El Salvador. Castillo had documented that the CIA directed this drug trafficking operation out of two hangars, using the Contra supply network as a route for shipping drugs into the United States.

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was interviewed by the CIA for its report.

I met and had numerous telephone conversations with Mr. Jerry Guzetta, a detective with the City of Bell, and a key member of the multiagency task force working with the Los Angeles Sheriff's Department investigating the Blandon narcotics operation. Guzetta was a Level 1 informant whose information was the basis of the affidavit of L.A. Sheriff Tom Gordon that resulted in the October 1986 raid of the Blandon operation's 14 sites in southern California.

I visited the records division of the Los Angeles Sheriff's Department and uncovered the sheriff's reports regarding the October 1986 drug bust. I was the first to obtain the copies of the documentation regarding the raids. They had said prior to that time that they did not exist, they could not be found, and I literally went in and by accident I was able to access these documents, and they quickly tried to retrieve them from me, and of course I refused to leave until I had copies of what should have been public documents.

On January 3, 1997, using my own personal funds, I flew to Nicaragua to meet with Enrique Miranda Jaime, a former Sandinista official and drug partner of Norwin Meneses, a central figure in the allegations of the "Dark Alliance" series. I was contacted by someone who had information about the Colombian cartels and their connection to Norwin

Meneses. When I arrived in Nicaragua, I was taken to the prison in the town of Grenada by State Department representatives, where I met with Miranda himself. Mr. Miranda told me some of the information that he gave to the CIA in this investigation, which is reported on pages 54 and 55 of the IG's Report.

Mr. Miranda currently is in prison after being convicted for smuggling 764 kilos of cocaine with his partner Norwin Meneses. Meneses told Miranda in detail that Meneses worked for the Contras and that his drug trafficking operation had the support of the CIA. Meneses also told Miranda that he was receiving support directly from Oliver North and passing on the funds to support Contra groups.

I met with Mr. Thomas Borge, a former Sandinista Interior Minister and head of intelligence. Mr. Borge came to meet with me, from Nicaragua to south central Los Angeles, and waited for hours until I completed a day-long schedule and I then spent 4 hours with him.

I have also had numerous telephone conversations with Coral Talavera Baca, the girlfriend of Rafael Cornejo, who was a relative and part of Norwin Meneses' drug trafficking organization, as well as a longtime business partner of Danilo Blandon, another central figure in the "Dark Alliance" series.

I received information from Ms. Baca and Mr. Cornejo

who were connected to Carlos Lehder, a Colombian drug dealer and co-founder of the Medellin Cartel. It was through Lehder's private island that the Medellin Cartel moved massive amounts of cocaine to Miami and the United States. Ms. Baca had visited Carlos Lehder's private island and had information regarding the connection between Mr. Lehder and Norwin Meneses. I have had over half dozen telephone conversations with her and she has sent me information relative to that operation.

I have looked into many of the main allegations raised in Gary Webb's series and I have thoroughly reviewed the Inspector General's Report. In addition, I have read many letters and reviewed volumes of information sent to me and have visited a large number of people who have claimed to have information about the drug dealing in south central Los Angeles.

In my informed opinion, Mr. Chairman, the CIA IG Report and the investigation lacks credibility and its conclusions must be dismissed.

Let me turn to some of the specifics of the Inspector General's Report. The average reader likely will find the structure of this report bizarre and confusing. I also question the report's methodology, its sweeping conclusions, its cleverly worded denials and its selective quoting of documents.

The report states that 365 interviews were conducted, but only summarizes statements from 12 individuals connected to the south central Los Angeles specific allegations. I have a list of over 70 individuals who should have been interviewed under oath by the CIA if the investigation was to be considered credible. Did the CIA interview all of these people? Because the report fails to list who was actually interviewed, we have no way of knowing.

In addition, only 40 pages of this report titled "The California Story" actually deal with the allegations of the south central crack cocaine Contra connection. The report mentions half a dozen other CIA and Contra officials interviewed, but does not offer even a cursory summary of their testimony.

So let me do what the report failed to do. The following individuals associated with the Contras are or were either CIA agents or CIA assets. I would like to name these individuals, and I am going to say to you, Mr. Chairman and Members, that even though the report cleverly refers to agents, we should be talking about agents and/or assets.

I am going to say to you today in no uncertain terms, Mr. Adolpho Calero was a CIA asset, and he did not just start with Norwin Meneses. He started working with the American Embassy as a CIA asset, and many of the funds for

aid were funneled through him. Mr. Enrique Bermudez was a CIA asset; Mr. Marcos Aguado, a Contra pilot and accused drug dealer; Mr. Francisco Aviles, a Contra official in Costa Rica in the Frogman case; Mr. Ivan Gomez, CIA agent, who accepted drug money from Mr. Meneses; Mr. Dagaberto Nunez, who ran a shrimp company for Oliver North in Costa Rica; Rene Corvo, a Cuban American who worked with the Contras in Costa Rica; Mr. Francisco Chanes, owner of the shrimp company for Oliver North in Costa Rica; Mr. Edmundo Meneses, American-trained Nicaraguan General and Norwin Meneses's brother; and Mr. Sebastian Gonzalez, Contra leader in Costa Rica and drug partner of Meneses.

I assert here today that these are all CIA assets, and I would challenge this committee to ask the Inspector General and others, perhaps in the CIA, to document for you whether or not my allegations are true. They should give you sworn testimony as to whether or not they have knowledge about the people that I am submitting to you being assets of the CIA. Today I am asking this committee to obtain the written response from the CIA that either categorically confirms or denies they are or were CIA assets or agents.

Another major problem with the investigation underlying the report was the CIA's lack of subpoena power. This meant that some of the most important CIA and other officials were never interviewed. Three former unnamed senior CIA managers

would only respond in writing. Six other key CIA personnel and former DEA agent Castillo refused to be interviewed. The CIA agents included Duane Clarridge, Joseph Fernandez, and Clair George. All of these senior CIA officials had major responsibilities for the CIA's Contra operation. There can be no thorough investigation without sworn testimony from each of these individuals. They should be subpoenaed.

Joseph Fernandez was the former CIA station chief in Costa Rica while the Meneses drug organization was operating from there. Duane Clarridge was the CIA officer who helped create the Contras at a time when the Meneses ring first began dealing cocaine for the FDN. His name also appeared in Oliver North's notebooks as being responsible for making quid pro quo deals with known drug kingpin Manuel Noriega.

Clarridge summed up how serious he thought this investigation was when he told reporters in December 1997 that the CIA "sent me questions that were bullshit, and I wrote back they were a bunch of bullshit."

When I spoke with journalists following the release of the report this past January, much to my surprise, they had to admit to me they had not even read the entire report. They admitted they had only read the glossy 8-page summary which offered up unsubstantiated conclusions of the CIA's innocence and blanket denials of the Dark Alliance series

allegations. Had they only read the report in its entirety, as I did, they would have learned that allegations of drug trafficking and connections between the Contras and the CIA were not new. In fact, the report even lists and summarizes some of the other investigations that found Contra involvement in drug trafficking.

For example, the Senate Subcommittee on Terrorism, Narcotics and International Operations, chaired by Senator John Kerry, conducted a 2-year investigation into allegations of Contra involvement in drugs and arms trafficking. The CIA Inspector General Report summarizes some of the Kerry Commission's 1,166-page report's devastating findings on pages 35 through 38.

These are some of the admissions. Drug traffickers used the Contra war and their ties to the Contras as cover for their criminal enterprises in Honduras and Costa Rica. Assistance from the drug lords was crucial to the Contras. The drug traffickers in turn promoted and protected their operations by associating with the Contra movement. Drug traffickers provided support to the Contras and used the supply network of the Contras. Contras knowingly received both financial and material assistance from the drug traffickers.

In each case, one or another U.S. Government agency had information regarding these matters, either while they were

occurring or immediately thereafter. Members of the Contra movement were involved in drug trafficking, including pilots who flew supplies for the Contras, mercenaries who worked for the Contras, and Contra supporters throughout Central America.

Drug traffickers helped in the Contra supply operations through business relations with Contra groups. Drug traffickers contributed cash, weapons, planes, pilots, air supply services and other materials to the Contras.

U.S. State Department funds authorized by Congress for humanitarian assistance was paid to drug traffickers. In some cases, these drug traffickers received the State Department's funds after having been indicted by Federal law enforcement agencies on drug charges, and in other cases, were the subject of pending investigations by those agencies.

The FDN/Contra group moved Contra funds through a narcotics drug trafficking and money laundering operation.

Drug trafficking for the Contra movement was done by some because they were told that their actions were either on behalf of or sanctioned by the U.S. Government.

Not included in the CIA IG Report are other key findings by the Kerry Committee.

Despite widespread trafficking through the war zones of northern Costa Rica, the Kerry Committee was unable to find

a single case which was made on the basis of a tip or a report by an official of a U.S. intelligence agency. This, despite an executive order requiring intelligence agencies to report drug trafficking to law enforcement officials and despite the direct testimony that drug trafficking on the southern front was reported to the CIA officials.

U.S. officials involved with the Contras knew that drug traffickers were using the Contra infrastructure and that the Contras were receiving assistance from drug profits. Yet, they turned a blind eye and did not report these individuals to the appropriate law enforcement agencies.

How can this report include these incriminating findings by elected officials, including Senators Kerry, Brock and Moynihan, while others summarily and others, while summarily dismissing any CIA knowledge of or involvement in Contra drug trafficking into the U.S.? This is an outrageous contradiction.

Moreover, the report is littered with damaging admissions. This report admits Norwin Meneses was one of the biggest drug dealers in America, either north or south, and he supplied Danilo Blandon. Blandon, in turn, was the source who supplied Ricky Ross, and Blandon and Meneses did so unhindered by the CIA.

Is it unreasonable to think Meneses was connected to the CIA, given that the Contras were a CIA creation and that

the CIA handled every aspect of the Contra operation? Pages 20 through 24 of this report confirms that the CIA essentially created, funded, supplied and trained the Contras and that the CIA was intimately involved in determining their strategy and running their operations.

Meneses was never arrested by U.S. law enforcement. He was permitted free entrance to the United States and even issued a visa.

How was this allowed and why was it allowed to continue?

Let me just say that Meneses dealt drugs in the United States for over 10 years or more, starting back in 1974. He was a drug dealer before he came to the United States. He was even involved in a murder in Nicaragua. He dealt drugs without any interference, without any intervention. He had assets and businesses in San Francisco. As a matter of fact, Congresswoman Pelosi referred to the Frogman case.

When they tracked down some of Meneses' people, they tracked them to the very house that was connected with the Frogman case where many of those people were involved.

Meneses was well known by the CIA, the DEA, the DIA, and everybody in the United States as a drug dealer who was supplying Danilo Blandon, who was supplying Ricky Ross. How he stayed in the United States all of those years, being known from 1974, selling drugs that ended up helping to

support the Contras, and nobody, but nobody, knew it, is absolutely amazing.

Meneses was never arrested by U.S. law enforcement. He was permitted free entrance again to the United States and even issued a visa. How was this allowed and why was it allowed to continue? The CIA and DEA records are full of knowledge about Meneses' drug dealings operation. This knowledge was substantiated in this report, even this report. The CIA knew of his drug trafficking by 1984 and the DEA had known of his trafficking activities as early as 1974.

Incredibly, the report fails to mention anything about the activities of Adolpho Calero, only mentioning that he was interviewed. He was the key Contra leader and CIA agent on the southern front.

Damning public information ties Calero to drug trafficking. In a December 1986 interview, Calero told the Costa Rican newspaper La Nacion that he met with drug kingpin Norwin Meneses at least six times and he knew Meneses was involved in drug trafficking.

In our investigations we had found out that Meneses had met with Adolpho Calero, and that Meneses and Blandon had been going to these meetings, both in San Francisco and in Los Angeles, despite the fact that these conclusions of these drug dealers having no connection to the Contras.

Thank goodness your report did identify six visits. We only knew about two. We have a picture of Meneses and Adolpho Calero and others at one of these Contra meetings that were going on all over California.

In addition, there are many other key facts that were confirmed by this report. Drug kingpin Norwin Meneses supported and was involved with the Contras. On pages 76-77, drug dealer Norwin Meneses admitted giving money to the California chapter of the FDN/Contras and that he was involved in the 1985 attempt to obtain "material support, medical and general supplies" for the Contra movement.

There are a lot of discrepancies about how much. You will find in your report it differs somewhat with the information that was testified to over on the Senate side when they held the semblance of a hearing over there.

I have maintained that it does not matter how much money, it does not matter whether or not it was, as Eden Pastora testified on that side, that he only got a few thousand dollars and a couple of trucks, or it is an admission that Norwin Meneses supplied about \$40,000 plus in medical supplies and other things.

The fact of the matter is the reason I am so interested in this and the reason I am so outraged by it, as a public elected official, all of us must be concerned that our government could have in any way been involved in drug

trafficking. Drug trafficking. That is a very, very serious offense against the people of this Nation.

We cannot afford to have our government, I do not care under what pretense a covert operation or any kind of operation involved in drug trafficking.

Page 70 to 71 of the report documents a connection between CIA asset and FDN military leader Enrique Bermudez, Meneses and Blandon. Blandon and Meneses traveled to Bolivia in 1982 to make a drug deal and stopped en route in Honduras. While in Honduras, Blandon and Meneses met Bermudez for the second time. Bermudez asked Blandon and Meneses to help raise money and supplies for the FDN. He let the drug traffickers know that their support would be welcome because, I quote and everybody quotes, even your report quotes, that he said "The ends justify the means."

Blandon then describes how he and Meneses were escorted to an airport by armed Contras after the meeting with Bermudez. Blandon left the meeting, he left this meeting, with \$100,000 in a bag to buy drugs. The profits from the sale of these drugs were to be used to buy supplies and fund the Contras. Blandon tells of how he ran into trouble at the airport in Honduras when he was caught with the \$100,000. But, guess what? Just like in the Frogman case, where they caught them with the dope and the money, and they returned the \$36,000 based on that Attorney General that you

had in San Francisco having been told that it was Contra money, this man with \$100,000 in drug money to buy more drugs for more supplies, was assisted by the Contras at the airport, and even though they had stopped him, they had taken \$100,000 out of his briefcase, with the intervention of the Contras, they gave it back to him, and he went along his merry way. Where did the \$100,000 come from?

The CHAIRMAN. Can I ask the gentlewoman to conclude her remarks? We have been overgenerous. We are taking away from time for the presentation. I have read the remarks which we will accept for the record without objection.

Ms. WATERS. Where did the \$100,000 come from? Did they give it back to Blandon because of the Contra CIA connection?

Well, Mr. Chairman and Members, it is hard to refute and to help educate in 10 minutes. I am going to submit this for the record. But I am going to close by saying this: This report is not credible. This report does not do the job, Mr. Chairman. We owe it to ourselves as public policymakers to do something.

Why do I do all of this? Because I want to find some CIA operatives, assets or agents and somehow convict them? That is not going to happen. And I do not believe that, and that is not what I am trying to do.

I am trying to raise the level of this discussion,

because we have got some work to do as public policymakers. The least we could do, the least we could do, is develop public policy that will indicate that drug trafficking can never be used in any covert operation, no matter what is being attempted.

We cannot continue to put our heads in the sand. It is a shame what happened with the Kerry report. The idea that Members of the Congress of the United States on the Senate side could have presented us with so much documentation, and then years later we have the investigation that was done by the San Jose Mercury and we find more information about drug trafficking? And either the CIA absolutely knowing or turning its head, and we still cannot come up with public policy, at the same time we are spending millions of dollars talking about a war on drugs?

Give me a break, Mr. Chairman and Members. We can do better than this. I will not go away, Members. I cannot go away. My community has been devastated, as many communities across this Nation. As a result of this work, I have been in at least 7 or 8 States with town hall meetings, including New York and New Jersey and St. Louis, and I continue to have several requests every week to come and do town hall meetings and radio stations, because people are outraged and concerned about the fact that somehow this drug problem won't go away and the idea that the government could be

involved.

I challenge this committee to get involved with public policy that would get our government out of ever being involved in any way.

And while you are doing this, why hasn't something been said about General Diveta in Honduras, who also was a CIA asset that was caught putting a ton of drugs into the airplane? The drugs found their way into the United States and were sold on the streets, and that was recently, and we still haven't heard a word. When I checked with the Justice Department, they tell me they cannot say anything.

I suppose you have information and you cannot say anything about it. But I think somehow we have got to do better. The lives of our children and our communities are at stake.

I thank you. I submit this for the record, and more information and documents if you would like to have them.

[The statement of Ms. Waters follows:]

MAXINE WATERS
Member of Congress
29th District, California

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For Immediate Release
March 16, 1998

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Testimony of Rep. Maxine Waters
Before the House Permanent Select Committee on Intelligence
On the CIA OIG Report of Investigation
"Allegations of Connections Between CIA and Contras in Cocaine
Trafficking to the US" "Volume I: The California Story"
March 16, 1998

Mr. Chairman, Members of the Committee, I am here today to testify about the failure of the Central Intelligence Agency (CIA) to conduct a serious and thorough investigation into the allegations of CIA involvement in cocaine trafficking to fund its Contra war activities. Unfortunately, my fear that the CIA would be unable to investigate itself has been confirmed with this report. The Inspector General's Report lacks credibility. It is fraught with contradictions and illogical conclusions.

In a September 3, 1996 memo, then CIA Director John Deutch laid out the framework for this investigation. In his instructions to CIA Inspector General Frederick P. Hitz, Director Deutch stated, "I have no reason to believe that there is any substance to the allegations published in the Mercury News." Despite his premature conclusion, a serious, substantial and credible investigation and interview process would have proven him wrong. If the CIA Director's premature conclusion was meant to direct the final outcome, he has succeeded. This Report's sweeping denial of the CIA's knowledge of drug trafficking related to the Contras defies the evidence and the logic that the CIA should have known.

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could have in any way been involved in, or had knowledge of, drug trafficking, has caused me to spend my own time and resources to find out more about these allegations.

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I have looked into many of the main allegations raised in Gary Webb's series and I have thoroughly reviewed the Inspector General's Report. In addition, I have read many letters and reviewed volumes of information sent to me and have visited a large number of people who have claimed to have information about the drug dealing in South Central Los Angeles. **In my informed opinion, the CIA IG Report and the investigation lacks credibility and its conclusions should be dismissed.**

Let me turn to some of the specifics of the Inspector General's Report.

The average reader likely will find the structure of this Report bizarre and confusing. I also question the Report's methodology, its sweeping conclusions, its cleverly worded denials and its selective quoting of documents.

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allegations of the South Central/crack cocaine/Contra connection.

The Report mentions a half dozen other CIA and Contra officials interviewed, but does not offer even a cursory summary of their testimony. So let me do what the Report failed to do. The following individuals associated with the Contras are, or were, either CIA agents or CIA assets:

- Adolpho Calero
- Enrique Bermudez
- Marcos Aguado - Contra pilot and accused drug dealer.
- Francisco Aviles - Contra official in Costa Rica in Frogman case.
- Ivan Gomez - CIA agent who accepted drug money from Meneses.
- Dagaberto Nunez - ran shrimp company for Oliver North in Costa Rica.
- Rene Corvo - Cuban American who worked with Contras in Costa Rica.
- Francisco Chanes - Owner of shrimp company for Oliver North in Costa Rica.
- Edmundo Meneses - American-trained Nicaraguan general and Norwin's brother.
- Sebastian Gonzalez - Contra leader in Costa Rica and drug partner of Meneses.

Today, I am asking this Committee to obtain a written response from the CIA that either categorically confirms or denies they are or were CIA assets or agents.

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Joseph Fernandez was the former CIA station chief in Costa Rica while the Meneses' drug organization was operating from there. Duane "Dewey" Clarridge was the CIA officer who helped create the Contras at a time when the Meneses ring first began dealing cocaine for the FDN. His name also appeared in Oliver North's notebooks as being responsible for making quid pro quo deals with known drug kingpin Manuel Noriega.

Clarridge summed up how serious he thought this investigation was when he told reporters in December 1997 that [the CIA] quote "sent me questions that were bullshit, and I wrote back they were a bunch of bullshit."

When I spoke with journalists following the release of the Report this past January, much to my surprise, many had to admit to me they had not even read the entire report. They admitted that they only had read the glossy eight page summary which offered unsubstantiated conclusions of the CIA's innocence and blanket denials of the "Dark Alliance" series allegations. Had they only read the report in its entirety as I did, they would have learned that allegations of drug trafficking and connections between the Contra and the CIA were not new. In fact, the Report even lists and summarizes some of the other investigations that found Contra involvement in drug trafficking.

For example, the Senate Subcommittee on Terrorism, Narcotics and International Operations, chaired by Senator John Kerry conducted a two-year investigation into allegations of Contra involvement in drugs and arms trafficking. The CIA Inspector General's Report summarizes some of the Kerry Commission's 1,166-page report's devastating findings on pages 35 through 38. These are some of the admissions:

- Drug traffickers used the Contra war and their ties to the Contras as a cover for their criminal enterprises in Honduras and Costa Rica. Assistance from the drug lords was crucial to the Contras, and the traffickers in turn promoted and protected their operations by associating with the Contra movement.
- Drug traffickers provided support to the Contras and used the supply network of the Contras. Contras knowingly received both financial and material assistance from the drug traffickers.
- In each case, one or another U.S. Government agency had information regarding these matters either while they were occurring, or immediately thereafter.
- Members of the Contra movement were involved in drug trafficking, including pilots who flew supplies for the Contras, mercenaries who worked for the Contras and Contra supporters throughout Central America.
- Drug traffickers helped in the Contra supply operations through business relations with Contra groups.
- Drug traffickers contributed cash, weapons, planes, pilots, air supply services and other materials to the Contras.
- U.S. State Department funds, authorized by Congress for humanitarian assistance, was

paid to drug traffickers. In some cases, these drug traffickers received the State Department funds, after having been indicted by federal law enforcement agencies on drug charges, and in other cases, were the subject of pending investigations by those agencies.

- The FDN Contra group moved Contra funds through a narcotics drug trafficking and money laundering operation.
- Drug trafficking for the Contra movement was done by some because they were told that their actions were either on behalf of, or sanctioned by, the U.S. Government.

Not included in the CIA IG Report are other key findings by the Kerry Committee.

- Despite widespread trafficking through the war zones of northern Costa Rica, the Kerry Committee was unable to find *a single case* which was made on the basis of a tip or report by an official of a U.S. intelligence agency. This despite an executive order requiring intelligence agencies to report drug trafficking to law enforcement officials and despite direct testimony that drug trafficking on the Southern Front was reported to CIA officials.
- U.S. officials involved with the Contras knew that drug traffickers were using the Contra infrastructure and that the Contras were receiving assistance from drug profits. Yet, they turned a blind eye and did not report these individuals to the appropriate law enforcement agencies.

How can this Report include these incriminating findings by elected officials, including Senators Kerry, Brock and Moynihan and others while summarily dismissing any CIA knowledge of, or involvement in, Contra drug trafficking into the U.S.? This is an outrageous contradiction.

Moreover, the Report is littered with damaging admissions.

- Norwin Meneses was one of the biggest drug dealers in America, either North and South, and he supplied Danilo Blandon. Blandon, in turn, was the source who supplied Ricky Ross. And Blandon and Meneses did so unhindered by the CIA.

Is it unreasonable to think Meneses was connected to the CIA given that the Contras were a CIA creation and that the CIA handled every aspect of the Contra operation? Pages 22 through 24 of this Report confirms that the CIA essentially created, funded, supplied, and

trained the Contras and that the CIA was intimately involved in determining their strategy and running their operations.

Meneses was never arrested by U.S. law enforcement. He was permitted free entrance to the U.S. and was even issued a visa. How was this allowed and why was it allowed to continue?

- The CIA and DEA records are full of knowledge about Meneses' drug dealing operation. This knowledge was substantiated in this Report. The CIA knew of his drug trafficking by 1984 and the DEA had known of his trafficking activities as early as 1974.
- Incredibly, the Report fails to mention anything about the activities of Adolpho Calero, only mentioning that he was interviewed. He was the key Contra leader and CIA agent in the Southern Front.

Damning public information ties Calero to drug trafficking. In a December 1986 interview, Calero told the Costa Rican newspaper *La Nacion* that he met with drug kingpin Norwin Meneses at least six times and that he knew Meneses was involved in illegal activities.

In addition, there were many other key facts confirmed by the Report:

- Drug Kingpin Norwin Meneses supported and was involved with the Contras-- On pages 76 - 77, drug dealer Norwin Meneses admitted giving money to the California chapter of the FDN/Contras and that he was involved in the 1985 attempt to obtain "material support, medical and general supplies" for the Contra movement.

Pages 70 - 71 of the Report documents the connection between CIA asset and FDN military leader Enrique Bermudez, Meneses and Blandon. Blandon and Meneses "traveled to Bolivia in 1982 to make a drug deal, and stopped in route in Honduras." While in Honduras, Blandon and Meneses met with Bermudez for the second time. Bermudez asked Blandon and Meneses to help raise money and supplies for the FDN. He let the drug traffickers know that their support would be welcome because "the ends justify the means."

Blandon then describes how "he and Meneses were escorted to airport by armed Contras" after the meeting with Bermudez. Blandon left the meeting with \$100,000 to buy drugs. The profits from the sale of these drugs were to be used to buy supplies and fund the

Contras. Blandon tells of how he ran into trouble at the airport in Honduras when he was caught with the \$100,000. But, the Contras intervened and secured Blandon's release.

Where did the \$100,000 come from? Did they give back the \$100,000 to Blandon because of the Contra-CIA connection?

- The CIA knew that Meneses was both a drug dealer and involved with the Contras - On page 45, the Report documents a declaration from the Records Validation Officer for the CIA (RVO) submitted in response to the CIA IG Report investigation. The RVO Declaration certified that the CIA had confirmed to the FBI that Meneses was a drug trafficker.

On page 49, the Report details a June 11, 1986 CIA cable from the LA Division Station informing CIA Headquarters that Contra leader Fernando Chamorro was asked by Meneses in August or September 1984 to help "move drugs to the U.S." At the time, Chamorro was a CIA asset. A second June 1986 CIA cable reported that "Meneses was involved in the transporting of drugs." What did the CIA do with this information?

A CIA cable, dated Oct. 31, 1986, contained the following two admissions. First, it details a CIA cable dated Dec. 5, 1984 reporting that "Norwin Meneses was apparently well known as the Nicaraguan Mafia, dealing in drugs, weapons and smuggling and laundering of counterfeit money." Second, it quotes a CIA cable, dated Mar. 25, 1985, which "described a Norwin ((Meneses)) Cantatero as the kingpin of narcotics traffickers in Nicaragua prior to the fall of Somoza."

On page 48, the Report describes a 1984 CIA cable discussing Meneses' drug trafficking activities with Tuto Munkel and Sebastian Gonzalez Medieta. Sebastian Gonzalez was a key CIA player in the Contras Southern Front. He was in charge of logistics for the supply of arms supplied by Manuel Noriega. This cable shows the CIA knew Gonzalez also was involved in drug trafficking with Norwin Meneses in 1984 - when the CIA was still directly involved in Contra operations, before the hand off to Oliver North's operation. Remarkably, this Report makes no mention of Gonzalez being a key CIA agent, nor mention of his critical role as a Contra in the Southern Front. Tuto Munkel was arrested in Florida as part of the Frogman case and is a crucial link between that case and the Meneses Contra connection detailed above.

What did the CIA do with this information in their cables? The Report does not indicate that any action was taken.

Despite this damning information to the contrary, the Report goes on to quote Meneses' own testimony as if it were fact. On page 54, the Report repeats without comment Meneses' denial that he trafficked in cocaine or other narcotics on behalf of the CIA or any Contra group, and that he denied he ever had any contact or relationship with CIA, DoS, the U.S. military, or U.S. civilian assistance groups that provided assistance to the Contras.

As I mentioned earlier, Enrique Miranda told me some of what he told the CIA when it interviewed him a year ago in Central America.

- The CIA directly intervened in the Frogman case to protect a CIA asset - In one of the most amazing admissions in this Report, pages 113 through 115 detail the direct intervention of the CIA in the Frogman Case. The Frogman case was, of course, California's biggest cocaine bust at that time. The CIA intervened in the case by arranging the return of \$36,000 seized from a drug trafficker. The CIA did so because of the trafficker's involvement with the Contras and CIA agents.

Again, this Report catalogs the pattern of the CIA returning money to known drug dealers - \$100,000 in the Bermudez/Blandon case, \$36,000 in the Frogman case. How many more times did this happen?

An internal CIA cable dated 1984 details that the CIA made contact with prosecutors in the Zavala/Frogman case in order to protect what the CIA believed was an operational equity. That cable is included on page 113, and makes for incredible reading. Evidently, the CIA feared that exposure of the CIA's connections to the drug case had "the potential for disaster", according to a cable described on page 115.

Well Mr. Chairman, if I have anything to do with it, that cable and the confirmed facts sifted from this confused Report *will* mean disaster for the CIA.

This Committee has a responsibility to look into the nefarious activities surrounding the massive Contra-cocaine drug network and to use its subpoena power to provide the American people with the truth that has been denied them for too long.

The CHAIRMAN. I thank the gentlelady very much for her testimony. At this time I would like to swear in Mr. Hitz.

Mr. DICKS. Mr. Chairman, could I make a statement? I want to commend Congresswoman Waters for the obvious amount of work and effort that she has made here, and I want you to know we are certainly willing to meet with you and your staff. We want as much information as you have because, as you know, we are going to do an investigation of our own. The Inspector General is going to present his report.

But this committee has pledged that we will have our own independent investigation. So all the work that you have done, we would like to benefit from it. I compliment you for your efforts.

Ms. WATERS. Thank you very much, Mr. Dicks.