

CONVERGENCE

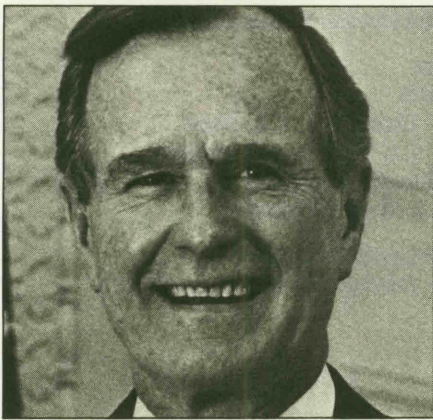
The Christic Institute

Summer 1989

Washington, D.C.

Iran-contra puzzle unsolved

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*After 2½ years,
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By EVA BERTRAM

Two and a half years after an obscure Lebanese newspaper printed the first reports of United States missile sales to Iran, pieces are still being added to the Iran-contra puzzle. New evidence surfaced in the trial of Oliver North and in recent investigations by the Senate Intelligence Committee and a Foreign Relations subcommittee. The American public has yet to learn the full story, and has seen virtually no changes in the policies or personnel behind our national security affairs. There is no reason to believe we will not see a recurrence of the abuses of power and violations of law exposed in the Iran-contra affair.

Yet the White House remains perplexed and more than a little annoyed that the Iran-contra issue stubbornly refuses to fade into history. "If there are unanswered questions," announced spokesman Marlin Fitzwater, "my vote would be to leave them to the historians and others who want to delve into this, and we get on with the business at hand."

President Bush and members of his administration fail to understand that the Iran-contra scandal left deep cracks in the public's confidence in government that will not be smoothed over by a series of limited official investigations followed by no reforms in law or policy, or by the criminal indictment of a handful of those involved and the partial conviction of Oliver North. Nor will the public's trust be restored by the election of a key player in the scandal to the nation's highest office, or by his limp assurances that he was "out of the loop," that his "conscience is clear," and—in the case of an illicit third-country agreement on contra assistance—that "there was no quid pro quo."

The Iran-contra scandal has persisted because our democratic institutions—Congress, the courts, the executive branch and the press—have thus far failed to respond to a political and constitutional crisis on the order of Vietnam and Watergate.

The Iran-contra affair began with a secret White House strategy to sell arms to Iran and supply the Nicaraguan *contras* in direct violation of stated United States policies and Federal law. The President himself had pledged never to negotiate with "terrorist" nations, including Iran,

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Christic continues La Penca investigation; Secord indicted

The trial on Federal criminal charges of retired Air Force Maj. Gen. Richard Secord, one of four Iran-*contra* defendants, is scheduled to begin on Nov. 13.

Secord, who is also a defendant in the Christic Institute's La Penca lawsuit, faces 12 felony counts, including charges that he lied to Congress and profited personally from the sale of missiles to Iran.

Following the pattern established in the Oliver North trial, which ended in May, Independent Counsel Lawrence E. Walsh is expected to move for the dismissal of the most serious charges against Secord, including conspiracy, mail fraud and theft of Government property.

Secord was the chief operating officer for the enterprise used by Oliver North to supply weapons to the Nicaraguan *contras* in violation of the Boland amendment. He controlled the secret Swiss bank accounts where the enterprise deposited profits from the Iranian arms deal.



AP/Wide World Photos

Secord may face trial in November.

In 1987 the Iran-*contra* investigating committees learned that Secord had allocated more than \$100,000 from these accounts to investigate the Christic Institute and its clients in the La Penca case, Tony Avirgan and Martha Honey.

New indictments against Secord unsealed in May allege that he "retained a personal economic interest in the profits of the enterprise." Secord's "interest," the grand jury said, added up to more than \$1 million. Secord and others also used a front company to conceal their profits from the sale of weapons to the *contras*, the indictments allege.

The La Penca lawsuit against Secord and 28 other defendants is still on hold while the Federal appeals court in Atlanta weighs the Institute's motion to reinstate the case. The Institute argues that Federal Judge James L. King in Miami, who dismissed the lawsuit in July, disregarded key evidence and committed multiple errors.

Attorneys do not expect the Atlanta court to schedule oral arguments on the appeal until this fall at the earliest.

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How much did Bush know?

Gregg nomination raises new questions about contra link

By ANDREW LANG

How much did George Bush know about Oliver North's illegal operation to smuggle military supplies to the *contras*?

Neither the passage of time nor Bush's landslide electoral victory last November has erased doubts about his involvement in the Iran-*contra* affair. A poll conducted in early May by CBS News and the *New York Times* showed that 64 percent of the American people still think Bush knows more than he has revealed about the scandal.

The Oliver North trial and Senate confirmation hearings for Donald Gregg—the former Central Intelligence Agency official nominated by President Bush as United States ambassador to Korea—have kept these doubts alive.

The North trial raised questions about Bush's role in a plan approved by President Reagan to release millions of dollars in U.S. aid to Honduras as a "quid pro quo" for the Honduran Government's agreement to supply military equipment to the *contras*.

The Gregg nomination has revived evidence of a direct connection between the former Vice President and North's illegal operations in Central America. The evidence includes documents subpoenaed last year by the Christic Institute showing that Bush was briefed on "resupply of the *contras*" in May 1986.

The Boland amendment, which expressly prohibited all "direct or indirect support" for the *contras*, was in force from October 1984 to October 1986.

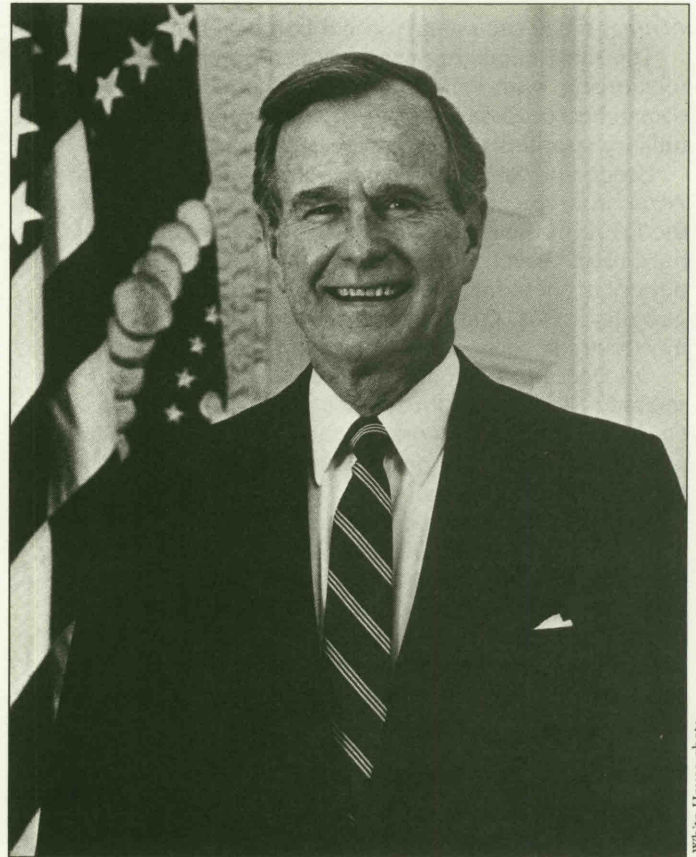
Gregg, a 28-year veteran of the C.I.A., joined Bush's staff in August 1982 as national security adviser. He reported directly to Bush and worked closely with North, then a senior official on the National Security Council staff.

Attempts by the White House to name Gregg to a senior post in the C.I.A. were blocked by senators who suspect he may have misled Congress on his role in North's operation. Oklahoma Democrat David L. Boren, chair of the Senate Select Committee on Intelligence, says he warned the White House that Gregg's nomination for a job at the agency would reopen "questions about the Iran-*contra* affair."

"I said it was just better if it didn't happen," Boren told the *Washington Post*. "Why create more controversy?"

But controversy was assured when the White House decided to nominate Gregg instead to the ambassadorial post in Seoul.

Gregg's nemesis on the Senate Foreign Relations Committee proved to be Democratic Sen. Alan Cranston of California, who confronted the nominee with evidence of his role in the *contra* supply operation. "Your career training in establishing secrecy and deniability for covert



White House photo

operations . . . apparently led you to believe you could serve the national interests by sponsoring a freelance covert operation out of the Vice President's office," Cranston told Gregg during hearings in May.

On June 14 the *Washington Post* revealed that Gregg was under investigation by Lawrence E. Walsh, the Iran-*contra* independent counsel, to determine whether he lied to Congress about his knowledge of North's operation.

On June 20 the Foreign Relations Committee voted to recommend Gregg's appointment by a margin of 12 to 7. As *Convergence* went to press, the full Senate was expected to approve the nomination, although further opposition seemed likely on the Senate floor.

Bush denies knowledge

Bush denies he had any knowledge of the illegal *contra* aid program until after the Iran-*contra* affair surfaced in the press. In sworn depositions taken last year by the Institute, Gregg and his former deputy, Col. Sam Watson, both testified that they did not learn about the program until August 1986, three months before the scandal was exposed, but insisted they did not inform the Vice President.

However, a careful examination of several hundred pages of phone logs and other office records subpoenaed by the Institute, along with evidence published by congressional committees, reveals that Gregg and Watson were consulted frequently about illegal military aid to the

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DID BUSH KNOW?

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contras while the congressional ban was in force.

The most damaging evidence centers on Gregg's relationship with Felix Rodriguez, a former C.I.A. agent dispatched to El Salvador to organize airlifts of illegal military supplies to *contra* forces in Honduras.

Gregg and Rodriguez have been associates for many years. Rodriguez, a Cuban expatriate, was recruited by the C.I.A. in the early 1960s for covert operations against the Cuban Government. He later worked as Gregg's deputy in Vietnam, specializing in airstrikes against guerrilla forces. Gregg has described Rodriguez as "the most extraordinary C.I.A. comrade I have ever known."

On Dec. 21, 1984, according to an official chronology released by the Vice President's office, Rodriguez told Gregg he wanted to work for the Salvadoran Air Force as a civilian adviser. Gregg introduced Rodriguez to Oliver North on the same day.

Later, Gregg called several high officials in the State and Defense Departments—including Thomas Pickering, the United States Ambassador to El Salvador at the time—to "recommend that they meet and talk with Mr. Rodriguez to assist him in going to El Salvador," the chronology says. "Rodriguez met with these officials and also subsequently met with General Paul Gorman, commander of the Southern Command."

Probably a 'cover story'

According to Senator Cranston, however, the claim that Rodriguez was posted to El Salvador merely as a civilian aide to the Salvador Air Force was probably a "cover story." A number of documents support Cranston's view.

In February 1985, for example, General Gorman cabled Ambassador Pickering and Col. James Steele, chief of the U.S. military assistance group in El Salvador, to report that "Rodriguez' primary commitment to the region is in [deleted], where he wants to assist the F.D.N. [the *contras*]." Gorman added, "I told him that the F.D.N. deserves his priority."

"I warned him," the cable continued, "that whatever his consulting role in E[El] S[alvador] amounted to, he could not become visible to the press in any sense without damaging our cause there."

The relationship between North and Rodriguez is confirmed by a second cable from General Gorman to Ambassador Pickering. Rodriguez, Gorman wrote, had been "put into play by Ollie North" and had "high level contacts at the White House, DOS [Department of State] and DOD [Department of Defense], some of whom are strongly supporting his use in El Salvador."

White House records show that Rodriguez met with Bush's national security staff on a regular basis. The Christic Institute's investigators have identified at least 19 meetings and 14 phone calls between Rodriguez and Gregg or Watson during the period when military aid to the *contras* was prohibited by the Boland amendment.

Gregg has testified under oath that he knew nothing about the connection between Rodriguez and North until the summer of 1986, when Rodriguez returned from El Salvador to report on corruption and mismanagement in the secret *contra* aid program. Among the complaints

voiced by Rodriguez, according to Watson's notes from the meeting, were that former C.I.A. agent Tom Clines and retired Air Force Maj. Gen. Richard Secord were "ripping off the *contras*." Clines and Secord were two key figures in the *contra* resupply operation. Both are defendants in the Christic Institute's La Penca lawsuit.

Watson described the meeting in a sworn deposition taken by the Institute in April 1988. He recalled that Rodriguez told him that Clines, Secord and others were "a bunch of crooks . . . that they were making immoral profits off of other people's blood. . . ." During the meeting, Watson said, Rodriguez described Oliver North as "chairman of the board" and Secord as "chief operating officer" of the *contra* rearmament program. Rodriguez recalls that he told Watson and Gregg that "[t]his is going to be worse than Watergate and is going to destroy the President of the United States."

The meeting took place on Aug. 8, 1986. The congressional ban on aid to the *contras* was still in force at the time. Gregg and Watson both insist that this was the first time they learned of the connection between Rodriguez and *contra* rearmament, a claim Gregg underlined in his sworn deposition to the Institute: "My testimony has been that, up until August '86, there were no conversations whatsoever [with Rodriguez] in terms of support or supply or resupply of the *contras*." Gregg also insists that "North had asked [Rodriguez] to keep secret his relationship with the *contra* effort and, in particular, not to tell me about it."

However, White House records and Oliver North's sworn testimony earlier this year show that on several occasions in 1985 and 1986, Watson and Gregg discussed Rodriguez' activities in the illegal *contra* arms program.

North testified during his trial, for example, that he met in the fall of 1985 with Gregg and Robert C. McFarlane, President Reagan's national security adviser at the time, for a detailed discussion of Rodriguez' role in the *contra* effort. On July 29, 1986, Watson recorded in his office notebook a complaint lodged by North that "Max" had discontinued airlifts to the *contras*. ("Max Gomez" was an alias frequently used by Rodriguez.) On the following day, Watson jotted down a note from another meeting with Oliver North: "F[elix] screwed up S[outhern] front." The "Southern Front" refers to a plan to organize a second *contra* army in Costa Rica on Nicaragua's southern border.

One other event demonstrates that the Vice President's national security staff was an important link to Rodriguez and the *contra* rearmament program. On Oct. 5, 1986, an airplane bearing military supplies for the *contras* was shot down over Nicaraguan territory. The lone survivor, a United States citizen named Eugene Hasenfus, was captured by the Nicaraguan army. The plane's point of origin was Ilopango airfield, Rodriguez' base for military airlifts to the *contras*.

Watson was the first official in Washington alerted by Rodriguez. According to Watson's phone logs, Rodriguez called his home in northern Virginia at 10:30 or 11 p.m. that evening to break the news that "a C-123 is missing, possibly in Nicaragua." Rodriguez called Watson's office the following morning to report that "three Americans and one Nicaraguan" were on board the missing aircraft. Watson immediately informed the National Security Council and later that day called Rodriguez to warn him

not to use open phone lines for sensitive communications.

How much did Bush know?

In a handwritten note dated Jan. 9, 1986, Oliver North complained that "Felix" was "talking too much about the [Vice] P[resident] connection." How much did George Bush know about Rodriguez' activities in Central America?

After their Aug. 8 meeting with Rodriguez, both Watson and Gregg knew, if they had not known all along, that a *contra* resupply program existed despite the congressional ban, that Oliver North was "chairman of the board" of the program, and that Clines and Secord—according to Rodriguez—were "ripping off the *contras*."

Nevertheless, says Watson, "I did not consider it significant or relevant information." Bush was not told because "he has more important things to worry about than little rumors, or little stories that I hear."

Gregg has testified that Bush knew nothing about Rodriguez and his role in the illegal *contra* military aid program until the morning of Dec. 13, 1986, when an interview with Gregg appeared in the *New York Times*. By this date the Iran-*contra* scandal had already been public knowledge for one month, and four months had elapsed since the Aug. 8 meeting with Rodriguez and Watson.

"This version of events is hardly credible," says attorney Daniel Sheehan, the Christic Institute's general counsel. "As the Vice President's senior national security aides, Gregg and Watson were responsible to a man who once directed the C.I.A., who prides himself in his knowledge of foreign and military policy, who has considerable executive experience in both private business and government, and whose duties as Vice President included membership on the National Security Council.

"Yet the public is asked to believe that Bush would tolerate the failure of his staff to inform him about a major operation in the field of national security, or that Gregg would reveal the operation to a newspaper before he told the Vice President."

But much more direct evidence on Bush's connection with the *contra* rearmament effort has been part of the public record for more than a year.

According to phone logs and other office records, the former Vice President met with Rodriguez at least three times during the lifetime of the Boland amendment.

Bush denies emphatically that Rodriguez' role in the *contra* resupply program was ever discussed at these meetings. "On the three occasions when the Vice President met with Mr. Rodriguez," insists a statement released by the Vice President's office on Dec. 15, 1986, "the

discussions dealt entirely with the insurgency in El Salvador and there was no discussion, direct or indirect, of the *contra* aid network." Bush repeated this denial in an interview published by Time magazine on Jan. 26, 1987. "I met Max Gomez three times and never discussed Nicaragua with him," Bush said.

Bush's denials, however, are strongly contradicted by an office memorandum released by the Vice President's office in answer to a congressional subpoena.

On April 16, 1986, Gregg asked the Vice President's staff in writing to schedule a briefing by Rodriguez, whom he described as "a counterinsurgency expert visiting from El Salvador." The purpose of the 15-minute session, Gregg added, was "to brief the Vice President on the status of the war in El Salvador and *resupply of the contras*." [Emphasis added.] The proposal was approved and the meeting scheduled for 11:30 a.m. on May 1. In a

second memo dated April 30, Gregg reminded the Vice President that Rodriguez would "provide a briefing on the status of the war in El Salvador and resupply of the *contras*."

Gregg has been unable to explain why this phrase appears on the agenda for Rodriguez' meeting with the Vice President. "It baffles me to this day," he told the Christic Institute in April 1988. "I'm baffled as to how that agenda item appears."

After more than one year of reflection, Gregg still could not satisfactorily explain the reference

to the *contras* in the Vice President's schedule. Questioned on this point during his confirmation hearing in May, Gregg told the Senate Foreign Relations Committee that the incriminating memos might have been the result of a secretarial mistake. The words "resupply of the *contras*," he said, could be "a garbled reference to resupply of *copters*."

North trial produces new evidence

Bush's denial of personal involvement in the illegal *contra* rearmament effort has also been challenged by new evidence revealed in May during the Oliver North trial in Washington. State and Defense Department records released to the court show that President Reagan approved a plan to offer increased military and economic assistance to Honduras in return for the Honduran Government's agreement to supply military aid to the *contras* during the congressional prohibition.

This "quid pro quo" arrangement was fulfilled immediately after Vice President Bush met with the Honduran president in Tegucigalpa on March 16, 1985. On the following day, the United States released \$70 million in

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Donald Gregg at confirmation hearing.

Congressional Quarterly

LA PENCA

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In a separate development, the Costa Rican Legislative Assembly is moving toward an official investigation into the La Penca bombing. Members of the assembly have joined the Costa Rican Journalists' Association in a public campaign to establish a special investigative commission on La Penca. A vote on the proposal was pending when *Convergence* went to press.



"Per Anker Hansen," center.

La Penca, an isolated jungle clearing in Nicaragua near the Costa Rican border, was the scene of a bombing attack in May 1984. The bomb exploded while *contra* commander Eden Pastora was meeting with reporters. Pastora survived the blast, but several Costa Rican journalists and one United States citizen—reporter Linda Frazier of the Religious News Service—were killed.

ABC cameraman Tony Avirgan was wounded in the attack. He and his wife, Martha Honey, are the plaintiffs in the Institute's lawsuit.

Roberto Cruz, a Costa Rican reporter severely wounded at La Penca, said a legislative investigation will "support the findings of the Christic Institute." The Institute alleges that key figures in the illegal *contra* supply network, including North American businessman John Hull, attempted to assassinate Pastora because he opposed a Central Intelligence Agency plan to merge his small *contra* force in Costa Rica with the larger army based in Honduras, the F.D.N.

There are also indications that the Office of Judicial Investigations (O.I.J.), the Costa Rican equivalent of the F.B.I., will take a fresh look at the bombing. In April the senior O.I.J. official responsible for the La Penca investigation, Angel Salano, was fired after the Costa Rican Government learned he was accepting payments from the C.I.A. Salano's replacement says he plans to reopen the investigation.

In recent months Christic Institute investigators have

followed new leads on the La Penca bombing and the movements of the bomber immediately before and after the attack.

The bomber travelled with a group of journalists to the press conference, claiming to represent a news agency which later proved to be nonexistent. He identified himself as "Per Anker Hansen," a Danish reporter, but spoke no Danish.

Several witnesses have confirmed that "Hansen" left the press conference minutes before the explosion. One guard stopped and questioned Hansen as he was leaving the shack where Pastora was meeting with reporters, and later saw him standing near another shack just before the bomb detonated.

O.I.J. investigators discovered the remote control device used to detonate the bomb when they searched the area where Hansen was seen standing. The device was wrapped in red tape. The O.I.J. later found the same tape in Hansen's hotel room in San Jose, the Costa Rican capital.

Hansen was admitted to a hospital in San Jose after the attack and was treated for a superficial wound, which the doctor later described as self-inflicted. He checked out of his hotel shortly after leaving the hospital and disappeared from Costa Rica. □

DID BUSH KNOW?

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economic aid previously withheld because Honduras had refused to adopt economic reforms demanded by the U.S. Government.

Bush refused to comment on these allegations during the North trial. After North's conviction, Bush denied he had discussed a "quid pro quo" with the Honduran president during the meeting on March 16.

However, in a memo to President Reagan dated Feb. 19, 1985, then-National Security Adviser Robert C. McFarlane spelled out the plan to provide "incentives" to persuade the Honduran Government to continue its aid to the *contras*. The memo included a notation indicating that a copy was sent to the Vice President.

Both the "quid pro quo" plan and Bush's relationship with Felix Rodriguez have raised the specter of criminal involvement by the former Vice President. Christic Institute Litigation Director Lanny Sinkin explains: "If Bush knew that the military aid shipped to Honduras was intended to replenish the Honduran Army for military equipment supplied to the *contras*, and if he also knew that his national security staff was directly involved in the illegal military airlifts organized by Rodriguez, then he violated not only the Boland amendment, but also the Neutrality Act, as well as laws prohibiting the misappropriation of public funds and the illegal export of weapons."

Even though it seems likely the Senate will confirm Gregg's nomination, these unanswered questions may continue to haunt the Bush Administration in the coming months. The President's answers to those questions could determine whether this scandal, which has persisted now for over two years, will eventually escalate into the Bush Administration's Watergate. □

