

ARTICLE APPEARED
ON PAGE 12

WALL STREET JOURNAL
25 March 1987

U.K. Security Firm With Thatcher Ties Had Role in Contra Aid, Data Indicate

By DAVID ROGERS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—A private British security company with ties to the Thatcher government has become embroiled in the Iran-Contra affair, raising new questions about the source of personnel and funds used to aid Nicaraguan insurgents.

A chart found in National Security Council files indicates the company, KMS Ltd., was part of a private network that assisted Nicaraguan insurgents during a two-year period when Congress had prohibited U.S. military aid to the anti-Sandinista forces.

David Walker, a veteran of British military special operations and a principal in the firm, was identified separately in communications involving former National Security Council aide Marine Lt. Col. Oliver North, according to intelligence sources. Mr. Walker is believed to be well-known to retired Air Force Maj. Gen. Richard Secord, who helped oversee the private network on behalf of Col. North.

Ties to Thatcher

Though much of the evidence involving KMS remains circumstantial, Labor Party leaders in Britain have raised questions in Parliament about the company's involvement and used the issue to challenge Prime Minister Margaret Thatcher. Mr. Walker has had political ties to Mrs. Thatcher, and KMS has a history of working closely with the government—though not always with its direct blessing. Efforts to reach Mr. Walker were unsuccessful.

KMS is registered in the English Channel island of Jersey, whose laws make it difficult to determine the company's ownership. It is largely staffed by veterans—such as Mr. Walker—of the British special operations forces, or Special Air Services. Since its establishment in 1977, KMS has held clandestine military training contracts in Oman and more recently in Sri Lanka. And, according to two sources, it has been employed to a lesser degree by the sultan of Brunei.

KMS and Mr. Walker operate from a nondescript, three-story building on Abingdon Road in the Kensington section of London. Mr. Walker also associated with a more-conventional and less-secretive firm, Saladin Security, in England. He has had extensive contact with the sultan of Oman through a four-year tour as squadron commander with the SAS and his more recent experience with KMS.

Role in Nicaragua Unclear

KMS's role in the Nicaragua war is unclear. The company is known both for its ability to train military forces and provide experienced military personnel—either veterans from British SAS ranks or from South Africa and Rhodesia, before it became Zimbabwe. The London Daily News has quoted sources saying as many as 50 British mercenaries were enlisted by KMS to aid the Contras. Although that figure appears too high, there have been repeated reports of former Rhodesian pilots involved in the war.

Adolfo Calero, leader of the Nicaraguan Democratic Force, or FDN, yesterday denied any knowledge of British or Rhodesian personnel being hired by the FDN. But a U.S. intelligence source confirmed that former Rhodesian pilots were used before and after military aid was cut off in 1984. When U.S. aid was cut off, some of these pilots were apparently paid through the private network overseen by Col. North.

The source said as many as a half-dozen of the pilots have been under contract to the Central Intelligence Agency since military aid officially was resumed last October. Typically, a "parent" company such as KMS would sustain such individuals between CIA or other intelligence contracts. This source didn't know of any direct KMS involvement in Nicaragua, but a second intelligence source said the company has sought work separately in CIA operations providing aid to Afghan rebels.

Besides Mr. Walker's ties through KMS to Brunei, other questions have been raised about British connections to the Nicaraguan insurgents. The southeast Asian nation was one reported contributor to the Nicaraguans. Although Saudi Arabia has denied that it made any direct contributions, a high Saudi Arabian official has said privately that funds from that country were funneled through an unidentified British military veteran in Jordan who was known to Col. North, according to an intelligence source.

The insurgents received an estimated \$32 million in the first nine months after U.S. aid was cut off in June 1984, according to FDN bank records. More than half this sum—\$19 million—came in a two-week period in March 1985.

Separately, federal records show that Corporate Air Services, a Pennsylvania company later used in the Contra resupply operation, won a \$238,735 contract from the Interior Department in September 1985. The contract was for the purchase of an Italian-made Partenavia Observe twin-engine plane, particularly adaptable for tracking and counting wildlife.

Some other companies involved in the Nicaragua operation have received federal contracts for unrelated activities, but Interior Department officials said the Corporate Air Services contract was awarded on the basis of a competitive, sealed bid.