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CIA Sought 3rd-Country Contra Aid

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The CIA unofficially asked Saudi Arabia and Israel last month to provide covert support for the U.S. intelligence agency's secret operations against the Sandinista government of Nicaragua, according to informed sources.

The Saudi government turned down the request. But the sources said some U.S. intelligence officials have claimed that Israel provided some type of well-concealed financial assistance to U.S.-backed guerrillas, called "contras," who are conducting paramilitary operations against the leftist government in Managua.

A senior Israeli official denied this yesterday, saying, "We have not supplied any money to the contras, either directly or indirectly. We are not consciously or with knowledge passing anything to the contras . . . We are not a surrogate for the United States."

According to U.S. sources, the Israeli assistance reportedly totals several million dollars and appears to be reaching the contras through a South American intermediary. The United States might repay Israel for this unofficial assistance, the sources said, in the \$2.5 billion in military and economic aid it annually sends to Israel.

Asked about overtures to Saudi Arabia and Israel, a senior Reagan administration official said this week, "There were lots of conversations . . . but nothing of that character that was official." The Saudi contact, according to this official, was "totally unauthorized."

Sources said that Reagan administration lawyers questioned the legality of any CIA effort to circumvent Congress, which so far has refused to approve additional money the administration has requested for the covert operations. Another well-placed official said about the Saudi contact, "In a sense [the United States] didn't ask and [the Saudis] didn't say no . . . but of course it happened."

The Reagan administration appears to be making wide-ranging efforts to keep the contras supplied with money and equipment while Congress remains in a stalemate over further funding for the secret operations against Nicaragua's government. In at least one case, congressional sources said yesterday, the CIA borrowed aircraft from the U.S. Air Force and loaned it to the rebels at no cost.

This circuitous process, described by congressional sources as "bailment," appears to allow the CIA to get around the financial limits imposed by Congress on aid to the contras. The sources said they believe the CIA may have borrowed other aircraft or ships, but not arms, from the Defense Department.

According to the congressional sources, the CIA has about \$1 million left of the \$24 million that Congress last approved for aid to the Nicaraguan rebels.

The Nicaraguan Democratic Force, largest of the three rebel groups receiving U.S. aid, announced yesterday that its forces had captured a government outpost in a southern part of Nicaragua called Chontales. If true, this would indicate that the rebels still have the strength to open a new front.

In the current atmosphere of reciprocity between the Israeli and U.S. intelligence agencies, Israeli assistance to the contras would not be out of the question, according to both U.S. and Israeli sources. Several officials said that William J. Casey, in his three years as CIA director, has provided Israeli intelligence with access to sensitive satellite photographs and other reconnaissance information that had been denied the Israelis in the late 1970s.

Several contra leaders have been quoted recently, as they were last year, as saying that they had made arrangements to get assistance from Israel. Several well-placed sources said it is apparent that some type of alternative funding got through to the contras after Congress refused last month to approve the \$21 million requested by President Reagan for the covert operations.

"The desperation of April has turned to the confidence of May," said one source. A senior Reagan administration official yesterday attributed the new mood of confidence to "lots of scrounging around" by the contras.

Both Casey and other CIA officials have denied to the House and Senate Intelligence committees that they have any personal knowledge of a third country providing money to the contras.

Two sources described the following sequence of events for the back-channel request to Saudi Arabia after The Washington Post published an April 13 report in which an unidentified source revealed that the CIA was considering the possibility of asking "another country, such as Saudi Arabia, to send money to the contras." The source was a U.S. official, although not identified as such in the report.

Soon after the report appeared, a CIA official asked a Saudi official if the well-placed source had been a Saudi and whether Saudi Arabia was hinting interest in helping to support the contras. The Saudi official replied negatively, according to the sources, and then

was pressed by the U.S. official, who noted that the requested \$20 million to \$30 million would be "peanuts" for the oil-rich kingdom.

The Saudi official then agreed to check officially at high levels of his government. The sources said the reply was negative, with these reasons given:

- The Saudis believed that the CIA could not or would not really offer anything of substance in return.

- The Saudis generally disagreed with many aspects of U.S. policy in Central America. The Nicaraguan government, which the CIA is harassing through its support of the contras, is essentially pro-Arab, while two U.S.-backed countries in the region—Costa Rica and El Salvador—recently moved their embassies in Israel to the city of Jerusalem, a move opposed by Arab states, including Saudi Arabia.

- The Saudis claimed they had no confidence that secrets could be kept in the Reagan administration and that any covert Saudi aid soon would be reported in the American press and embarrass them.

The extent of U.S.-Israeli cooperation on intelligence matters is a matter of some concern in the CIA. Some officials believe that Casey has gone too far. Others say, however, that the United States gets much crucial information in return from the well-respected Israeli services.

Retired Israeli Maj. Gen. Yehoshua Saguy, who was head of Israeli military intelligence from 1979 to 1983, said in an interview earlier this year that the CIA now gives the Israelis access to data from reconnaissance satellites "not only the information but the photos themselves . . . Casey now says 'yes' all the time." Saguy said Casey's action was "very wise politically" and confirmed it was a reversal from the policy of CIA director Stansfield Turner, who left office in early 1981.

Turner confirmed that Saguy had come to him in 1980 and asked for information and data that he declined to provide. Other sources said the Israelis got satellite photos when George Bush was CIA director in 1976 and 1977, but that Turner agreed only to provide indirect information gained from the satellites.

Israel does not have its own technology for satellite reconnaissance, the sources said. One official called the current CIA support "Casey's gift," and said it is so valuable to the Israelis that no price tag could be put on it. "The Israelis would have every reason to do what Casey wanted," this source said, adding that he had no first-hand knowledge that Israel had agreed to indirectly help the Contras in return.

Staff writer Margaret Shapiro and staff researcher Barbara Feinman contributed to this article.