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DRUGS, LAW ENFORCEMENT AND FOREIGN POLICY:
CENTRAL AMERICA

WEDNESDAY, JULY 15, 1987

United States Senate,
Subcommittee on Terrorism,
Narcotics, and International
Operations, of the
Committee on Foreign Relations,
Washington, D. C.

The Subcommittee met, pursuant to notice, at 11:15 a.m.,
in Room SD-419, Dirksen Senate Office Building, Hon. John F.
Kerry, Chairman of the Subcommittee, presiding.

Present: Senators Pell (Chairman of the full Committee),
Kerry, Helms, and McConnell.

Also Present: Jack Blum, Committee Staff.

Senator Kerry: This hearing will come to order.

My apologies for the delay.

This is a continuing series of hearings regarding
allegations that have been made not only about drug
trafficking which may or may not have assisted the Contras,
but also about broader aspects of drug trafficking as they
may or may not have come to affect and impact American
foreign policy and, indeed, the internal policies of other

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1 countries in ways that have come to affect the interests of
2 the United States.

3 So not only are we looking at the question of pursuing
4 those issues which have arisen about whether or not Contras
5 received financing through narcotics trafficking, but we are
6 looking at a much broader series of implications which affect
7 our relationship with a number of countries in Central and
8 Latin America.

9 This Committee is trying to determine whether or not
10 there are any steps which we can take, which may or may not
11 be appropriate, in the effort to try to fashion policy, which
12 can have an impact on lessening the degree to which narcotics
13 may have become an important political force in the world and
14 an international force in the world.

15 There is an old saying in trial law that when you try the
16 devil, you don't go to heaven for your witnesses. To a
17 certain degree, in trying to prove cases regarding the flow
18 of narcotics and how it may or may not have impacted foreign
19 policy and other issues, we must, by necessity, turn to
20 witnesses who have been involved in narcotics trafficking.
21 All of us on this panel and everyone in the public has to
22 obviously to exercise his own judgment about credibility,
23 test that credibility, and make determinations about whether
24 or not they think the witnesses have a motive for telling the
25 truth, are telling the truth, and to what degree their

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1 stories can be corroborated.

2 By necessity, because these hearings have only so many
3 hours at a time and are spaced with the normal workings of
4 the Senate and of this Committee, the Committee of the whole,
5 the Foreign Relations Committee, we can't put the whole story
6 in front of you in one instant.

7 So, we are building, really, a mosaic, which must be
8 looked at in the total. We caution folks to make judgments
9 about this witness, other witnesses, and other information
10 which may or may not flow from the Committee in the light of
11 that larger mosaic.

12 I don't want to take more time now.

13 We are turning to a witness who is here, again, under
14 Federal protection, currently serving time. We will try as
15 hard as we can to ask questions that elicit as well as
16 possible the ability to be able to make judgments about that
17 witness's credibility.

18 Let me turn to my colleagues to see if they have any
19 opening statements at this point in time.

20 Jesse?

21 Senator Helms: No, thank you, John.

22 Senator Kerry: Mitch?

23 Senator McConnell: No, Mr. Chairman. I really have
24 nothing to add other than to thank you, once again, for
25 holding these hearings, and we look forward to hearing from

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1 the witness about what apparently is a terribly devastating
2 problem. To the extent that this drug trafficking is having
3 a direct impact on America's relationship with countries in
4 this hemisphere, we need to know about it.

5 We look forward to hearing from Mr. Morales.

6 Senator Kerry: Would you please stand, Mr. Morales.

7 Would you raise your right hand, please.

8 Do you swear to tell the truth, the whole truth, and
9 nothing but the truth, so help you, God?

10 Mr. Morales: Yes, I do.

11 Senator Kerry: would you be seated again, please.

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TESTIMONY OF JORGE MORALES, CONVICTED DRUG SMUGGLER,
MIAMI, FLORIDA,

ACCOMPANIED BY:

SHELDON YAVITZ, ESQ., AND RON B. SCHMIDT, ESQ., 7730
SOUTHWEST 112TH STREET, MIAMI, FLORIDA, 33156, COUNSEL TO MR.
MORALES.

Senator Kerry: Would you state your full name for the
record, and if you could pull the microphone right up close
to you and speak clearly into it, that would be helpful.

Mr. Morales: Okay.

George Morales.

Senator Kerry: Where were you born, Mr. Morales?

Mr. Morales: I was born in Colombia.

Senator Kerry: When were you born there? Your date of
birth?

Mr. Morales: Nineteen forty-eight.

Senator Kerry: And are you now an American citizen?

Mr. Morales: Yes, I am.

Senator Kerry: When did you become an American citizen?

Mr. Morales: Late 1970s or early 1980. Late 1979 or
early 1980.

Senator Kerry: What is your Social Security number?

Mr. Morales: It's

Senator Kerry: And your prison number at this point in
time?

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Mr. Morales: [redacted]

Senator Kerry: Could you repeat that one?
Could you pull the microphone a little closer.

Mr. Morales: Okay.

You said -- can you repeat the question again, please?

Senator Kerry: Your prison number.

Mr. Morales: [redacted]

Senator Kerry: Where are you incarcerated?

Mr. Morales: In MCC, Miami.

Senator Kerry: And how long have you been incarcerated?

Mr. Morales: For 13 months.

Senator Kerry: You're currently serving a sentence of what period of time?

Mr. Morales: I'm serving two sentences now, Mr. Chairman.

Senator Kerry: What are the two sentences?

Mr. Morales: The one that I was convicted for, CC and cocaine smuggling, and also the one for the contempt charge.

Senator Kerry: Contempt charge?

Mr. Morales: Yes.

Senator Kerry: Well, we'll come back to the contempt charge later.

Your cocaine trafficking conviction is for what period of time?

What is your sentence?

STAT

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1 Mr. Morales: I was sentenced to 16 years in jail.

2 Senator Kerry: Sixteen years.

3 Last seek -- or not last week -- last month, were you
4 offered immunity before a Federal Grand Jury to tell your
5 story?

6 Mr. Morales: Yes, I was.

7 Senator Kerry: And at that time, did you tell your
8 story?

9 Mr. Morales: No, I did not.

10 Senator Kerry: And you were given a contempt citation at
11 that time?

12 Mr. Morales: Yes, I was.

13 Senator Kerry: But you have reserved your willingness to
14 tell that story, is that correct?

15 Mr. Morales: I was willing to tell the story, not at
16 precisely that moment. I didn't have no notice of
17 appearance, I had none of my notes with me. Even though I
18 was willing to do it, they hold me in contempt.

19 Senator Kerry: Let me ask this. I'm having a little
20 trouble hearing. I wonder if it's possible to turn the
21 microphone up a little bit.

22 Would you pull the microphone up very close.

23 Mr. Morales: Okay.

24 Senator Kerry: Could you repeat that.

25 Mr. Morales: That I was willing to testify, but not at

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1 that moment.

2 Senator Kerry: Not at that time?

3 Mr. Morales: Yes.

4 Senator Kerry: Now, in coming here, have you been
5 offered immunity by this Committee?

6 Mr. Morales: No, not whatsoever.

7 Senator Kerry: Have any promises been made to you in
8 exchange for your testimony by this Committee?

9 Mr. Morales: Not that I know of it.

10 Senator Kerry: Have you met, or your attorney -- let me
11 just, for the record, would you identify yourself, counsel?

12 Mr. Yavitz: Yes, thank you.

13 My name is Sheldon Yavitz and my office is in Miami,
14 Florida.

15 Seated at my left is Ron Schmitz, my associate.

16 Senator Kerry: And you are currently representing Mr.
17 Morales?

18 Mr. Yavitz: That's correct.

19 Senator Kerry: How long have you been representing him?

20 Mr. Yavitz: Since March of 1987.

21 Senator Kerry: Have you ever met any of the Senators
22 here on this panel prior to today?

23 Mr. Morales: No.

24 Senator Kerry: When was the first communication from
25 anyone on any of our staffs to you?

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1 Mr. Morales: The first time I talked about this matter
2 was with Mr. Jack Blum, the gentlemen on the left, on your
3 right side. That was about this year, at the beginning of
4 this year, I believe.

5 Senator Kerry: Now you understand as we begin this
6 testimony, Mr. Morales, that, in addition to the sentences
7 you are currently serving, that if you don't tell the truth,
8 you could be subject to penalties of perjury?

9 Mr. Morales: Yes, I do.

10 Senator Kerry: I'm going to interrupt.

11 Rather than go into several areas of inquiry, Senator
12 Helms has an engagement that he has to be at and has some
13 specific questions he wants to ask. To make certain that he
14 does, rather than begin my introductory inquiry, Senator, why
15 don't I turn this over to you at this point, and then we'll
16 come back.

17 Senator Helms: Mr. Chairman, that's very kind of you and
18 I appreciate it. I will be as brief as possible.

19 Most of my questions can be answered yes or no.

20 Mr. Morales, to the best of your knowledge and
21 recollection, was Eden Pastora aware of the drug activities
22 of Mr. Cesar and Mr. Chamorro?

23 Mr. Morales: Not that I know of.

24 Senator Helms: You don't know that he was aware?

25 Mr. Morales: I do not know.

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1 Senator Helms: Did you ever discuss drug dealing with
2 Eden Pastora?

3 Mr. Morales: Never.

4 Senator Helms: Never.

5 Did you ever launder money in Panama?

6 Mr. Morales: Yes, I did.

7 Senator Helms: I would like for you to tell the
8 Committee as briefly as may be possible the extent of the
9 money laundering in Panama, and how did you go about it. And
10 were any government officials involved in the money
11 laundering in Panama?

12 - Mr. Morales: I get the money in the briefcase, take a
13 plane, a personal plane, a private plane --

14 Senator Kerry: Can you pull the mike closer again?

15 Mr. Morales: Yes, let me do it this way -- and I fly to
16 Panama.

17 I would meet these guys who work for the government, and
18 they will take care of the situation with Customs, and
19 Immigration people, the authorities, and the airport.

20 That's all.

21 Senator Helms: Were you given protection or escort?

22 Mr. Morales: Sometimes. If you require it, they will
23 do it.

24 Senator Helms: By whom?

25 Mr. Morales: By the bank.

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1 Senator Helms: By the bank?

2 Mr. Morales: The bank would make the arrangements, yes.

3 Senator Helms: The government was never involved in
4 that?

5 Mr. Morales: I don't know what you mean by "the
6 government." I mean, officials?

7 Senator Helms: The police.

8 Mr. Morales: Yes, they are.

9 Senator Helms: The police were involved?

10 Mr. Morales: Yes, they were.

11 Senator Helms: To what extent and how?

12 Mr. Morales: To the extent to safety, to take care of
13 any problems about getting the money inside the airport and
14 getting the money outside of the airport to the city.

15 They were paid for, if you want to call it that way.

16 Senator Helms: How did you arrange with the police for
17 this service?

18 With whom did you deal?

19 Mr. Morales: I take the, like I told you, I take the
20 money in the briefcase, I fly over there, previous phone call
21 has been made, and the official over there will wait for me
22 at the airport, and he will take care of all the situation.

23 Senator Helms: Excuse me just a moment.

24 [Pause]

25 Senator Helms: Mr. Morales, I'm having difficulty

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1 hearing you. I was checking to see if I've gone deaf.

2 This sound system in this room is very poor, and I hope,
3 Mr. Chairman, that you and I can solicit a little bit of help
4 from the Senate in that regard, because I just can't hear.

5 Now, excuse me.

6 Did you identify any specific person with whom you
7 dealt? I couldn't hear.

8 Mr. Morales: Excuse me one second.

9 Senator Helms: Sure.

10 [Pause]

11 Mr. Morales: Upon advice of my counsel, I shouldn't
12 disclose any name in public now. I will not hesitate to do
13 it in a closed session, if you don't mind.

14 Senator Kerry: Let me just say with the witness that the
15 one agreement we have made is that in a few cases, because of
16 risk of life and other things, we are going to hear those
17 names, and we're going to take them in executive session. At
18 the end of this, we will take those names in.

19 Senator Helms: Have you ever travelled to Cuba?

20 Mr. Morales: Yes, I am -- I was -- I did, I'm sorry.
21 I did.

22 Senator Helms: Were you involved in any drug activities
23 or money laundering in Cuba?

24 Mr. Morales: Yes, I was.

25 Senator Helms: Will you describe your involvement?

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1 Mr. Morales: With the drugs or with the money?

2 [General laughter]

3 Senator Helms: What was that?

4 Senator Kerry: With the drugs or with the money.

5 Senator Helms: Both.

6 Mr. Morales: I used to fly to this part of Cuba, a city
7 by the name of Cayo Largo. It's an island in the south of
8 Cuba, a little island in the south of Cuba, who belongs to
9 the Cuban Government.

10 I used to take money to this particular island, and they
11 kept the money and will transfer the money in any bank that I
12 wanted the money to be transferred, with the charge of
13 \$10,000 -- I mean, I'm sorry -- 10 percent of the amount of
14 money.

15 In my drug related with the Cuban Government, I used to
16 fly over their air space with a special code allowing my
17 plane to go through, on top of Cuba, to save the time that I
18 would have had to go around Cuba.

19 Do I explain myself correctly? Do you understand?

20 Senator Kerry: Did you understand that?

21 Senator Helms: Fairly well.

22 Did you deal with the police or any other representatives
23 of the government in Cuba in terms of protection and
24 facilitating the laundering of the money?

25 Mr. Morales: Yes, I did.

1 Senator Helms: I guess, Mr. Chairman, I ought not to ask
2 for them to be identified in open session. But we will get
3 to that in executive session.

4 Let me go back to Panama.

5 I'm going to ask you the same questions about Panama and
6 about Cuba.

7 Do you have any estimate of how much money you laundered
8 in Panama, totally, over the entire period of your
9 involvement?

10 Mr. Morales: Millions of dollars.

11 Senator Helms: Millions of dollars?

12 Mr. Morales: Yes.

13 Senator Helms: How about Cuba? The same thing?

14 Mr. Morales: No, not that much.

15 Senator Helms: Not that much.

16 Mr. Morales: No.

17 Senator Helms: Do you have any estimate? We won't hold
18 you to the precise amount.

19 Mr. Morales: Probably half a million dollars.

20 Senator Helms: Half a million dollars?

21 Mr. Morales: Probably, yes.

22 Senator Helms: So obviously you had more involvement in
23 Panama than you did in Cuba.

24 Mr. Morales: Yes, about money laundering.

25 Senator Helms: Over a longer period of time in Panama.

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1 Mr. Morales: Let me make myself clear about it.

2 I used to take money to Panama and deposit it in
3 accounts, banks, and later on transfer it to some other
4 accounts in the Bahamas.

5 Senator Helms: Now I think what you have said and are
6 saying is that Cuba allows for safe haven for drug
7 traffickers for their boats or for their aircraft.

8 Mr. Morales: Yes, they do.

9 Senator Helms: Are you aware of any Cubans growing
10 marijuana or processing such narcotics as cocaine or heroin
11 on the Island of Cuba?

12 Mr. Morales: Some of the planes that are confiscated
13 with drugs are sometimes, to my knowledge, directed to me, I
14 was offered to buy the marijuana.

15 Senator Helms: How about surrounding islands? The same
16 answer?

17 Mr. Morales: I don't know. I don't understand your
18 question.

19 Senator Helms: Surrounding islands, islands surrounding
20 Cuba.

21 Mr. Morales: That belongs to Cuba?

22 Senator Helms: Yes.

23 Mr. Morales: Yes.

24 Senator Helms: Okay.

25 Mr. Chairman, I'm going to stop here because I know that

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1 you're going to be asking about the same questions that I
2 would ask, and I thank you for your courtesy.

3 I'll be back as quickly as I can.

4 Senator Kerry: Thank you, Senator.

5 Mr. Morales, I'd like to go back and begin at the
6 beginning a little and lead up through the process, if we
7 can.

8 I'd like to ask some introductory questions, if I may.
9 When did you first become involved in drug trafficking?

10 Mr. Morales: Around 197--

11 Senator Kerry: Again, let me just ask you to try to
12 speak very clearly and slowly. Don't worry about taking
13 time. We want to understand what you're saying.

14 Mr. Morales: To my best of my knowledge, my
15 recollection, it was around 1978-9.

16 Senator Kerry: Prior to 1978 or 1979, what were you
17 doing?

18 Mr. Morales: I used to have a company, construction
19 companies, general contractor company, painting, union
20 companies.

21 Senator Kerry: Are you married?

22 Mr. Morales: I'm divorced right now.

23 I am divorced right now.

24 Senator Kerry: At the time you were married?

25 Mr. Morales: Yes.

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1 Senator Kerry: Do you have children?

2 Mr. Morales: Yes.

3 Senator Kerry: How many children?

4 Mr. Morales: I have two children.

5 Senator Kerry: And in 1978, you were in your
6 construction business, is that correct?

7 Mr. Morales: Yes.

8 Senator Kerry: At that time, were you also a speedboat
9 racer?

10 Mr. Morales: I beginning to do my career, if you want to
11 call it that way, about speedboat racing.

12 Senator Kerry: You took speedboat racing very seriously,
13 didn't you?

14 Mr. Morales: Yes, I did.

15 Senator Kerry: And you won an international
16 championship?

17 Mr. Morales: I won several of them.

18 Senator Kerry: And do you also hold a world's record in
19 speedboat racing?

20 Mr. Morales: I hold about probably six, that I know.

21 Senator Kerry: Six world records.

22 Mr. Morales: In the "Guinness Book," yes.

23 Senator Kerry: What are those records?

24 Mr. Morales: I hold the fastest boat in the kilo run, in
25 open class. That was in 1983.

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1 I also hold the record of the most prestigious races in
2 the world, which is the Hunt World Trophy, two races in --
3 Senator Kerry: What is that trophy for?

4 Mr. Morales: To be the winner of two races in London, in
5 England, and two races in the United States.

6 Senator Kerry: Now how in 1978 or 1979 did you first
7 become involved in drug trafficking?

8 Mr. Morales: Because of my boats, boat driver
9 abilities. Because of my boat drivers abilities, you know.

10 Senator Kerry: Your boat drivers?

11 Mr. Morales: Yes.

12 Senator Kerry: Are you also a pilot?

13 Mr. Morales: I know how to fly. I don't have no
14 license, no.

15 Senator Kerry: Were you also in the air cargo and air
16 charter business?

17 Mr. Morales: Yes, I was.

18 Senator Kerry: When did you go into that business?

19 Mr. Morales: In 1980.

20 Senator Kerry: Can you describe that business to us?

21 Mr. Morales: I bought the company, the company by the
22 name of Aviation Activities, out of Opaloca Airport.

23 Senator Kerry: Where is that airport?

24 Mr. Morales: In Opaloca, Florida.

25 I used to have my office in Building 415, next door to

1 Hangar One.

2 Senator Kerry: What kind of aircraft did you have?

3 Mr. Morales: I have several aircraft.

4 I have cargo aircraft, Lear jets, Piper Aztec, Cessna. I
5 have helicopters.

6 Senator Kerry: How many helicopters?

7 Mr. Morales: I had two helicopters.

8 Senator Kerry: Were there several corporations?

9 Mr. Morales: Yes.

10 Senator Kerry: What were the names of the corporations?

11 Mr. Morales: Leasing Activities.

12 Senator Kerry: Can you spell that?

13 Mr. Morales: L-E-A-S-E-N Activities. Leasing.

14 That company was in charge of the Lear jets charters.

15 Senator Kerry: How many Lear jets?

16 Mr. Morales: Oh, I have many of them. I mean, some of
17 them belonged to the company, some of them did not belong to
18 the company.

19 Senator Kerry: Were the Lear jets used in the drug
20 trafficking?

21 Mr. Morales: No.

22 Senator Kerry: What was the other leasing corporation,
23 or the other corporation?

24 Mr. Morales: Aviation Activities.

25 Senator Kerry: What kind of aircraft did that handle?

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1 Mr. Morales: I handled Piper, Navajo Panther, handles
2 Cessna 402, a 210, Cessna 210.

3 Senator Kerry: Do you remember the tail numbers of those
4 aircraft?

5 Mr. Morales: Some of them, yes, I do.

6 Senator Kerry: Were those aircraft used in drug
7 trafficking?

8 Mr. Morales: Yes.

9 Senator Kerry: What were the tail numbers on those
10 aircraft?

11 Mr. Morales: Novembre -- November, I'm sorry --
12 November 114 Sierra Whiskey. That was a 402.

13 Senator Kerry: That's a Cessna 402?

14 Mr. Morales: A 402 Cessna. November 811 Hotel Whiskey.
15 That was a Navajo Panther.

16 November 851 -- I forgot the last number -- Yankee --
17 that was an Aztec.

18 Senator Kerry: A Piper Aztec?

19 Mr. Morales: Piper Aztec.

20 A DC-3, I have about probably 6-7 DC-3s.

21 Senator Kerry: Were each of those aircraft used in drug
22 trafficking?

23 Mr. Morales: Most of them, yes.

24 Senator Kerry: And will you be able to make available to
25 this Committee the documents regarding those aircraft?

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1 Mr. Morales: Yes, I will.

2 Senator Kerry: Would the FAA have records of flights in
3 and out of that airport, if they were international flights?

4 Mr. Morales: Yes, they have.

5 Senator Kerry: Did you file those flights
6 appropriately?

7 Mr. Morales: Some of them they did, I did.

8 Senator Kerry: Even when they were carrying drugs?

9 Mr. Morales: Even when they carried drugs and guns.

10 Senator Kerry: We'll get into guns later.

11 Did they also file flight plans in the other countries to
12 which they flew?

13 Mr. Morales: Some of them, yes.

14 Senator Kerry: Was that true of Costa Rica?

15 Mr. Morales: It is true.

16 Senator Kerry: Was that true of Colombia?

17 Mr. Morales: They did not fly -- yes, they did.

18 Senator Kerry: Filed a flight plan?

19 Mr. Morales: Yes.

20 Senator Kerry: Okay.

21 Did you record your tail numbers accurately on those
22 flight plans?

23 Mr. Morales: Yes.

24 Senator Kerry: Or did the pilots?

25 Mr. Morales: Yes, yes.

1 Senator Kerry: Now who encouraged you to make the switch
2 from smuggling marijuana to smuggling cocaine?

3 Mr. Morales: The whole process became, in 1984, right
4 after I got indicted, in the CC indictment, the A-48
5 indictment.

6 Senator Kerry: Before we get there, between 1978 and
7 1979 and 1983, you were trafficking drugs.

8 Mr. Morales: Marijuana.

9 Senator Kerry: Were you also trafficking cocaine?

10 Mr. Morales: Only one time.

11 Senator Kerry: Only one time?

12 Mr. Morales: Not directly.

13 I lent a plane.

14 Senator Kerry: And the marijuana you were then
15 trafficking was coming from where?

16 Mr. Morales: The marijuana I was bringing into the
17 United States belonged to myself, in Colombia.

18 Senator Kerry: This was your personal transaction?

19 Mr. Morales: Yes.

20 Senator Kerry: Where did you bring it in from?
21 What countries?

22 Mr. Morales: I brought it to the Bahamas.

23 Senator Kerry: To the Bahamas --

24 Mr. Morales: Yes.

25 Senator Kerry: --or from the Bahamas?

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1 Mr. Morales: No, no.

2 From Colombia to the Bahamas.

3 Senator Kerry: From Colombia to the Bahamas.

4 Why did you go to the Bahamas?

5 Mr. Morales: Because it's the best stop place for drug
6 activities.

7 Senator Kerry: Why is it the best stop place?

8 Mr. Morales: It is close to south Florida, and you be
9 able to carry out, in and out, any drug activities without no
10 problem whatsoever.

11 Senator Kerry: Why is there no problem whatsoever in the
12 Bahamas?

13 Mr. Morales: Because you be able to buy just about
14 everybody in the government in the Bahamas about drug related
15 situations.

16 Senator Kerry: Did you personally do that?

17 Mr. Morales: Many times.

18 Senator Kerry: You personally paid money?

19 Mr. Morales: Yes, I did.

20 Senator Kerry: And you could, in executive session,
21 share with us those names?

22 Mr. Morales: Yes, I will.

23 Senator Kerry: Now you have been incarcerated for the
24 last 13 months. During the time you've been incarcerated,
25 have you talked with people who are engaged in narcotics

1 running?

2 Mr. Morales: Yes, I did.

3 Senator Kerry: Right up until the present moment?

4 Mr. Morales: Yes.

5 Senator Kerry: Can you -- I realize it's hearsay and it
6 wouldn't stand up in a court of law, but from respect of just
7 this Committee's knowledge, where we operate under different
8 rules, can you share with us whether or not it is your
9 knowledge, based on those conversations, that that drug
10 trafficking still continues through the Bahamas?

11 Mr. Morales: Well, Senator, I've been incarcerated for
12 the last 13 months, like I told you in the beginning, and
13 through my incarceration, between my incarceration, I have
14 been talking to a lot of people who just recently have been
15 put in jail, most of them because of the situation in the
16 Bahamas, being caught in a plane or boat, or any type of
17 situation related to the Bahamas.

18 Senator Kerry: And it's your knowledge that the same
19 ability to traffic still continues?

20 Mr. Morales: Yes.

21 Senator Kerry: Did they tell you whether it's harder or
22 is it more difficult? Is it reduced?

23 Mr. Morales: About the same way.

24 Senator Kerry: The same way.

25 Mr. Morales: About the same way.

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1 Senator Kerry: How large was your organization?

2 [Pause]

3 Mr. Morales: It was very big, Senator. It was very
4 big.

5 Senator Kerry: Can you give us a sense?

6 How many people?

7 Mr. Morales: I would say that we got indicted probably
8 14, 15 people, and there were about seven that did not get
9 indicted and were about probably --

10 Senator Kerry: Now wait. You're speaking a little bit
11 fast for me.

12 Fourteen people were indicted?

13 Mr. Morales: Fourteen were indicted. There were about
14 seven --

15 Senator Kerry: With you?

16 Mr. Morales: Yes -- the first time. I'm sorry. Let me
17 back up.

18 The second time, and there were about six or seven that
19 did never get indicted, and there were about probably maybe
20 ten or more that were not available for the authorities to
21 get them indicted.

22 Senator Kerry: How many pilots worked for you?

23 Mr. Morales: Many, many. I would say probably 20, 30
24 pilots, at least.

25 Senator Kerry: Twenty or 30 pilots?

1 Mr. Morales: At least.

2 Senator Kerry: Are some of those pilots now in jail?

3 Mr. Morales: Yes, they are.

4 Senator Kerry: Did some of those pilots fly these
5 cocaine shipments for you?

6 Mr. Morales: Yes, they did.

7 Senator Kerry: Okay.

8 Can you share the names with us of those pilots who are
9 in jail currently?

10 Mr. Yavitz: Mr. Chairman, he would prefer not to do it
11 publicly. And we would again request as to any names, even
12 if they are in jail, that it be done in a closed session.

13 Senator Kerry: Well, let me ask this question.

14 Are you willing to share with us the names? With respect
15 to corroborating this story, as you understand, it's very
16 important for us to be able to follow the chain of linkage
17 here.

18 Mr. Morales: Okay. I can give you the names now.

19 Senator Kerry: All right.

20 Mr. Morales: One of them is Tom Hughes.

21 Senator Kerry: Could you spell that?

22 Mr. Morales: Tom Hughes -- H-U-G-H-S.

23 Senator Kerry: H-U-D-H-S?

24 Mr. Morales: Tom Hughes. He is incarcerated now in
25 Maxwell Camp. He is incarcerated for the same charges that

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1 I'm serving time at the present time.

2 Diego Real.

3 Senator Kerry: Can you spell that?

4 Mr. Morales: Diego -- D-I-E-G-O. R-E-A-L.

5 Senator Kerry: Where is he incarcerated?

6 Mr. Morales: I do not have no idea.

7 Senator Kerry: All right.

8 He was in the same enterprise as you were?

9 Mr. Morales: Yes.

10 And Lucas Harmony.

11 Senator Kerry: Would you spell that again, please?

12 Mr. Morales: L-U-C-A-S. Last name is Harmony --

13 H-M-O-N-Y.

14 Mr. Yavitz: We should point out that's an alias.

15 Mr. Morales: Sorry about that.

16 [General laughter]

17 Senator Kerry: Let me come back to that.

18 Are the other names aliases?

19 Mr. Morales: Gary Betzner.

20 I'm sorry. That was my fault.

21 Gary Betzner --B-E-T-Z-N-E-R.

22 Senator Kerry: Thank you.

23 Is that the only one that's an alias?

24 Mr. Morales: No. There's quite a few more.

25 [General laughter]

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1 Senator Kerry: Now, wait, wait.

2 Mr. Morales: Oh, no, no. I'm sorry, Senator. Do you
3 mean the --

4 Senator Kerry: I know there are quite a few more who
5 have aliases.

6 Mr. Morales: No. I thought --

7 Senator Kerry: Of the other names you gave me, were
8 those aliases or were those the real names?

9 Mr. Morales: No, no, no. The real names.

10 Senator Kerry: Their real names?

11 Mr. Morales: Yes.

12 Senator Kerry: Let me do this, because my colleague is
13 also under some pressure.

14 I want to ask you a few questions about one area, and
15 then we'll come back. But I do want the record to go through
16 this detail. I know it's tedious, but it's very important.

17 In 1984, you said your shipments began to change.

18 Is that correct?

19 Mr. Morales: Yes, they did.

20 Senator Kerry: Is that the point in time in which you
21 were approached by people you knew to be part of the Contra
22 organization?

23 Mr. Morales: Yes.

24 Senator Kerry: Can you describe specifically when that
25 took place and what took place?

1 Mr. Morales: That was right after my indictment.

2 Senator Kerry: When was your indictment?

3 Mr. Morales: March third, March third or March sixth of
4 1984. Right after that, few weeks, maybe a month, I was
5 introduced by the Contra leaders in south Florida.

6 Senator Kerry: Who were you introduced to?

7 Mr. Morales: I was introduced by Popo Chamorro,
8 Octaviano Cesar, and --

9 Senator Kerry: Popo Chomoro.

10 Mr. Morales: Yes.

11 Senator Kerry: Octaviano Cesar.

12 Mr. Morales: Yes, and Marcos Aguado.

13 Senator Kerry: And Marco Aguado.

14 Mr. Morales: Which they represent themselves as being
15 leaders of the Contras and also represent themselves as CIA
16 agents.

17 Senator Kerry: Now when you say they "represented
18 themselves," did you know of them at that time?

19 Mr. Morales: I heard about they being CIA agents. Yes,
20 I did.

21 Senator Kerry: When you say "their being," who was a CIA
22 agent?

23 Mr. Morales: Marcos Aguado and Cesar Octaviano.

24 Senator Kerry: How do you know that?

25 Mr. Morales: It's being very well known through many

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1 people for a long time around Central America and south
2 Florida.

3 Senator Kerry: You knew that at the time?

4 Mr. Morales: Yes, I did.

5 Senator Kerry: Did they have to tell you that for you to
6 know that?

7 Mr. Morales: Not whatsoever.

8 Senator Kerry: And what happened at that point in time?

9 Mr. Morales: I was asked for help, financial help, any
10 type of help that they were looking to have, because they had
11 to be in this problem, they didn't have enough money,
12 whatever. And also for exchange of taking care of my legal
13 problems at the moment.

14 Senator Kerry: I just want to understand this very
15 clearly.

16 You're saying that they asked you for help?

17 Mr. Morales: Yes, they did.

18 Senator Kerry: Were they specific about the kind of help
19 they asked you for?

20 Mr. Morales: Yes, they did.

21 Senator Kerry: All right.

22 Who specifically asked you for what help?

23 Mr. Morales: Octaviano Cesar was the one doing most of
24 the talking in my office.

25 Senator Kerry: What did he say to you?

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1 Mr. Morales: He said that I was looking for airplanes,
2 money, training, weapons, explosives, any type, any kind of
3 help.

4 Senator Kerry: Did you agree to help?

5 Mr. Morales: Yes, I did.

6 Senator Kerry: What did you agree to do?

7 Mr. Morales: I agreed to give him some planes, money,
8 and to help him, to help him out.

9 Senator Kerry: When he asked you for explosives, and
10 guns, and other weapons, did you agree to get those weapons?

11 Mr. Morales: Yes, I did.

12 Senator Kerry: Did you know where to get those weapons
13 at that time?

14 Mr. Morales: Yes, I did.

15 Senator Kerry: How did you know where to get them?

16 Mr. Morales: I used to buy the weapons in south Florida,
17 in a gun shop, before that meeting. It was very obvious that
18 I can buy more guns after I have the meeting with these
19 particular fellows.

20 Senator Kerry: How many times did you meet with these
21 leaders to discuss your help?

22 Mr. Morales: Many times, Senator. Many times.

23 Senator Kerry: In what year?

24 Mr. Morales: Since 198 -- the first time that I saw him,
25 not met him, but I saw him, was in 1983, around this time,

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1 July or so. And then I was introduced formally to them, and
2 the people, the person who was going to introduce me, told me
3 who they were. And I became to be introduced formally with
4 them in 1984.

5 Consequently to that meeting, I have several, several
6 meetings.

7 Senator Kerry: Now you agreed to give the Contras a
8 plane?

9 Mr. Morales: I agreed to give the Contras quite a few
10 planes.

11 Senator Kerry: How many planes did you give them?

12 Mr. Morales: The first time I agreed to give them a
13 DC-4, a DC-3, a helicopter, a Piper Navajo.

14 Senator Kerry: You just gave them? You gave them away?

15 Mr. Morales: Yes, I did.

16 Senator Kerry: What was in it for you?

17 Why did you give away these planes?

18 Mr. Morales: Well, Senator, like I told you before, I
19 was arrested long before that time, and I was facing one of
20 the most critical charges because of my indictment. So the
21 promised me that they would take care of the legal
22 activities, the legal activities that I was charged for.

23 Senator Kerry: Who promised you that?

24 Mr. Morales: Cesar and Popo.

25 Senator Kerry: He said he could take care of your legal

1 problems?

2 Mr. Morales: Yes, yes.

3 Senator Kerry: Specifically?

4 Mr. Morales: Yes.

5 Senator Kerry: Was he more specific about that?

6 Mr. Morales: Yes.

7 Senator Kerry: How?

8 Mr. Morales: Many times I talked to him and he told me
9 that he had plenty of friends, being him, the CIA, can advise
10 the superiors about my financial support and airplane and
11 training, and, therefore, they will finally, eventually will
12 take care of my problem, which they did. To an extent, they
13 did. As a matter of fact, they did.

14 Senator Kerry: We'll come back to that in a little
15 while.

16 If you'd make a note on that, we'll come back to that in
17 a while. I want to just run through this so Senator
18 McConnell can have his round.

19 Mr. Morales: Excuse me one second.

20 [Pause]

21 Senator Kerry: Was the plane that you gave the Contras
22 used by them?

23 Mr. Morales: Yes, it was.

24 Senator Kerry: And you know that for a fact?

25 Mr. Morales: For a fact, sir.

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1 Senator Kerry: At this point in time, did you make some
2 agreement about running guns down to various locations and
3 bringing drugs back?

4 Mr. Morales: Yes, I did.

5 That was part of the agreement.

6 Senator Kerry: When you say "that was part," can you be
7 more specific?

8 Precisely how did that discussion come about?

9 Mr. Morales: I was supposed to give him financial
10 support, also buying guns for them, supplies, safety houses
11 for them, in south Florida, buying equipment, different type
12 of equipment, boats, engines, boots, uniforms, whatever it
13 was they need for them to have.

14 Senator Kerry: How were you supposed to buy this? Did
15 they give you money?

16 Mr. Morales: No.

17 I was the one who was going to buy, from my own money.

18 Senator Kerry: Where was the money coming from?

19 Mr. Morales: Drugs.

20 Senator Kerry: Did they know that?

21 Mr. Morales: Of course they know that.

22 Senator Kerry: Why do you say "of course they know
23 that?" How do you know they know that?

24 Mr. Morales: Because we discussed, as a matter of fact,
25 we discussed to bring drugs that did not belong to me. They

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1 were their own drugs.

2 Senator Kerry: Whose drugs?

3 Mr. Morales: The Contras drugs.

4 Senator Kerry: How do you know they were Contra drugs?

5 Mr. Morales: They told me.

6 Senator Kerry: What?

7 Mr. Morales: They told me. As a matter of fact --

8 Senator Kerry: What did they tell you? Did they say
9 here's drugs, these are Contra drugs?

10 Mr. Morales: No, no, no.

11 They say, there was a few trips that I was supposed to do
12 for them in drugs. I did not ever ask him where the drugs
13 come from other than that they were the drugs.

14 Senator Kerry: Did you do those trips?

15 Mr. Morales: Yes, I did.

16 Senator Kerry: When you say you did, did you personally
17 fly them?

18 Mr. Morales: No.

19 I instruct my pilot to fly them.

20 I was waiting on the runway for some of them, and I saw
21 the drugs.

22 Senator Kerry: Now, in 1984, did you personally load
23 weapons into an airplane in Fort Lauderdale?

24 Mr. Morales: Yes, I did.

25 Senator Kerry: Did you see those weapons?

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1 Mr. Morales: I bought them.

2 Senator Kerry: Where did you buy them?

3 Mr. Morales: I bought them, some of them I bought them
4 in the gun shop in south Miami.

5 Senator Kerry: What kind of weapons were they?

6 Mr. Morales: Machine guns, automatic rifles, high
7 powered rifles, pistols, explosives.

8 Senator Kerry: Were these fully automatic machine guns?

9 Mr. Morales: Oh, yes. They were.

10 Senator Kerry: Did you buy fully automatic machine guns
11 on the open market in Florida?

12 Mr. Morales: I did.

13 Senator Kerry: In what quantity did you buy them?

14 Mr. Morales: We sent many planes full of weapons down
15 there. I really don't recall specifically the amount of
16 items, but it was very considerable.

17 Senator Kerry: Did you load these weapons onto the
18 airplane in daytime or nighttime?

19 Mr. Morales: I did load them in the daytime, 12:00 in
20 the daytime.

21 Senator Kerry: Right in the full view of people?

22 Mr. Morales: Yes. Many times.

23 Senator Kerry: And were you at the airport when the
24 planes came back?

25 Mr. Morales: Yes, I was.

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1 Senator Kerry: What did you unload from those planes
2 when they came back?

3 Mr. Morales: I was in the beginning of the runway. The
4 plane lands and unloads the drugs into the end of the
5 runway.

6 Senator Kerry: How did you know they were drugs?

7 Mr. Morales: I saw them.

8 Senator Kerry: What did you do with those drugs?

9 Mr. Morales: Sell them.

10 Senator Kerry: What did you do with the money?

11 Mr. Morales: Give it to the Contras.

12 Senator Kerry: All right.

13 I'm going to come back to this because there's obviously
14 considerably more detail that needs to be filled in.

15 Mr. Morales: Let me make myself clear, Senator.

16 Senator Kerry: Please.

17 Mr. Morales: I gave them back to the same people because
18 the Contras means a lot to a lot of people. I gave them back
19 to Mr. Octaviano Cesar, who works for, used to work for the
20 CIA, and Mr. Popo Chammoro, and Marcos Aguado.

21 Senator Kerry: We're going to come back to go after some
22 of the details on this.

23 I'd like to let Senator McConnell have an opportunity
24 here.

25 Senator McConnell: Thank you, Mr. Chairman.

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1 We've heard a lot of allegations in both executive
2 sessions and in public sessions from people who are currently
3 in jail about a variety of different individuals who are not
4 in jail.

5 For example, three weeks ago, Mr. Chairman, my staff
6 asked yours to confirm whether or not certain individuals
7 were or were not members of the CIA, if such allegations were
8 to be made in public.

9 We have here today two suggestions, of two individuals,
10 that Mr. Morales, who is currently in jail, say were members
11 of the CIA.

12 I just wonder if counsel has found the answer to that,
13 since we have made that request several weeks ago.

14 Senator Kerry: We don't have an answer. We do not have
15 an answer yet.

16 Senator McConnell: Well, it seems to me elementary, when
17 you know in advance that somebody is going to say in a public
18 meeting that a couple of individuals are in the CIA, that we
19 would be entitled to an answer to that. I would suggest, Mr.
20 Chairman, that we get that answer forthwith.

21 We are all interested in this inquiry. I think it is
22 terribly important. But to the extent that people are going
23 to be accused in public of being this, that, or the other, by
24 convicted felons who are currently doing time, it seems to me
25 we also owe the public an obligation to find out whether or

1 not these allegations are truthful.

2 Senator Kerry: Let me just say that I don't disagree
3 with the Senator at all. In fact, I agree completely. He is
4 absolutely correct. He is on target.

5 This Senator is somewhat frustrated, however, because for
6 a year and a half, I have been asking these questions. We
7 now have subpoenas out. I have met with members of the
8 CIA. We have sent letters under the signature of Chairman
9 Lugar and at that time Ranking Minority Member Pell to the
10 Justice Department, and we still do not have answers to those
11 inquiries.

12 I think there has been a pattern of slow response here,
13 which is part of what I think we'll get out of this over time.

14 But I will certainly undertake, to the best of my
15 ability, in joint concert with your office, immediately upon
16 the conclusion of this hearing, you and I can both get on the
17 telephone and we can both ask for that secret briefing and
18 see if we can get to the bottom of this.

19 Senator McConnell: Well, I think we should have done
20 that earlier.

21 As you know, we have tried to pursue this in a bipartisan
22 way and I would like to continue to do that. But we would
23 like, as I have repeated to you in private, when allegations
24 such as this are made, we think we're entitled to hear from
25 the people against whom the allegations are made.

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1 There is one individual that is not the subject of this
2 hearing today that we fully expect to be called next week to
3 respond to allegations that were made against him in an
4 earlier executive session, and I assume, counsel, that that's
5 going to happen. Is it not?

6 Senator Kerry: We are hopeful that it will.

7 We have been trying to serve that individual. He is
8 currently in uniform in the armed services of another
9 country.

10 Senator McConnell: He has agreed to come at any time.

11 We have been in communication with him. There is no
12 problem. There appears to be a delay in trying to get him up
13 here. He is willing to come next week, and I fully expect
14 him to be called next week.

15 Senator Kerry: We fully expect him to be here as soon as
16 possible.

17 He was subpoenaed in the large group of subpoenas that
18 went out last week.

19 Senator McConnell: He doesn't even need to be
20 subpoenaed. He's happy to come, wants to come, and, as far
21 as I'm concerned, he's going to be here next week, unless you
22 tell me otherwise.

23 Senator Kerry: If he says that he's going to be here,
24 I'm delighted to hear him.

25 Senator McConnell: We'll be delighted to hear from him.

1 Meanwhile, back in the Bahamas, how frequently did you
2 transit the Bahamas?

3 Mr. Morales: Every day, Senator.

4 Senator McConnell: Every day?

5 Mr. Morales: Yes.

6 Senator McConnell: Did you rely on air drops,
7 off-loading cargo planes to smaller planes, or did you use
8 boats, or all of those?

9 Mr. Morales: I used all of them.

10 Senator McConnell: All of them?

11 Mr. Morales: Yes.

12 Senator McConnell: And you were doing it every day?

13 Mr. Morales: No. I used to fly it to the Bahamas every
14 day.

15 Senator McConnell: You flew to the Bahamas.

16 Mr. Morales: I used to also do trips, small trips every
17 day, yes.

18 Senator McConnell: And you long were you flying over
19 there every day?

20 Mr. Morales: I recall sometimes we did seven trips a
21 week. I recall once that we did seven trips a week.

22 Senator McConnell: Yes. But over how long a period of
23 time were you going over there?

24 Mr. Morales: From 1979 - 1980 to 1983 or 4 -- three.

25 Senator McConnell: How many people were typically

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1 involved in those transactions over there in the Bahamas?

2 Mr. Morales: Unloading the merchandise?

3 Senator McConnell: Just the number of Bahamians that you
4 would deal with in a typical transaction. How many?

5 Mr. Morales: Just about everybody in the Bahamas.

6 Senator McConnell: Just about everybody in the Bahamas?

7 Mr. Morales: Yes.

8 Senator McConnell: Put a number on that. How many
9 people are you talking about?

10 Mr. Morales: Excuse me, Senator.

11 [Pause]

12 Mr. Morales: I'm sorry. I must have misinterpreted the
13 question.

14 Can you ask me the question again, please?

15 Senator McConnell: How many Bahamians would you deal
16 with in a typical transaction to make it work out to your
17 satisfaction?

18 Mr. Morales: In a single transaction?

19 Senator McConnell: Yes.

20 Mr. Morales: Customs, Immigration, the police, and the
21 people who were in charge of unloading the merchandise, the
22 people in charge to keep the merchandise safe.

23 Senator McConnell: And all of these people were bribed,
24 were they not?

25 Mr. Morales: Every one of them.

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1 Senator McConnell: Were there individual acts of
2 bribery, or could you make a monthly payment?

3 Just how did you handle this?

4 Mr. Morales: They used to make their salary by trip.

5 I used to pay like, for instance, to the man in charge of
6 the island, he used to take care of the police, Immigration,
7 and Customs.

8 Senator McConnell: So you had one sort of Mr. Fix-it
9 that took care of it?

10 Mr. Morales: For the police, yes, and for the
11 Immigration and all. Sometimes I did it myself, direct.
12 Many times I did it myself.

13 And I used to pay another gentleman who will be the one
14 in charge of the unloading and stash houses, whatever.

15 Senator McConnell: So each separate transaction
16 triggered a different series of bribes? You didn't sort of
17 pay by the week or the month, or something like that?

18 Mr. Morales: You're right.

19 Senator McConnell: You went through this on every single
20 day. You were going through it?

21 Mr. Morales: Yes. Sometimes I did it every single day.
22 Sometimes it took weeks, maybe months, to do it.

23 Senator McConnell: Did the size of the haul affect how
24 many people you had to bribe?

25 Mr. Morales: Yes, it did.

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1 Senator McConnell: What percentage of the amount of
2 money involved in a given transaction would be required to
3 pay off everybody you needed to pay off to make it work?

4 Mr. Morales: Senator, that will be very hard for me to
5 explain to you because of the different types of drug related
6 trips. It's not the same thing to pay off for a small plane,
7 with 2,000, 2,500, 2,800 pounds of marijuana, as the same
8 plane with 500,000 kilos of cocaine.

9 Senator McConnell: On a percentage basis, though, was it
10 roughly the same?

11 Mr. Morales: No.

12 It goes with the type of merchandise, and also goes with
13 the amount of drugs involved on it.

14 Senator McConnell: Did you personally pay off government
15 officials?

16 Mr. Morales: Yes, I did.

17 Senator McConnell: Were they members of the parliament?

18 Mr. Yavitz: This is a very touchy question and requires
19 a very delicate answer. He's not prepared to give that
20 answer in public.

21 Senator McConnell: But was the answer that he did pay
22 off elected officials, not just appointed functionaries, but
23 elected officials as well?

24 Mr. Morales: Yes. Yes, I did, directly myself.

25 Senator McConnell: Did you have much contact with the

1 competition, so to speak, the other people involved in the
2 same kind of illicit drug trading you were involved in?

3 Would you run into other people doing the same thing?

4 Mr. Morales: Senator, I used to have aviation activities
5 in Opaloca. It is FOB, a fixed operation base. Most of the
6 planes, the trips that we did, legal trips, they were going
7 out of Opaloca to the Bahamas.

8 I owned a company for a long time. Therefore, I was,
9 used to see these people every single day. Everybody. And
10 also I run across them in the Bahamas, when I was doing my
11 activities, my illegal activities.

12 Yes, I did.

13 Senator McConnell: Yes, you did what?

14 Mr. Morales: I did, saw other competitors while I was
15 doing my illegal activities. Yes, I did.

16 Senator McConnell: Almost every day, did you?

17 Mr. Morales: I used to see them every day.

18 You have to understand something, Senator.

19 Have you ever been in the Bahamas?

20 Senator McConnell: No.

21 Mr. Morales: Can I explain to you?

22 Senator McConnell: Yes.

23 Mr. Morales: Okay.

24 Let's take, for instance, Gran Inagua. Gran Inagua has
25 only one taxi, has only one bus, it's stationed in Casa

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1 Station, and has only one hotel. So, therefore, whatever you
2 want to do on that island, you have to go to the number one
3 guy. It's only one road, and about 20, 30, 50 families.
4 Everybody knows each other. I believe, and I'm sure that's
5 the only source of income. Therefore, it's very obvious for
6 me or for anybody else to go over there and find out what's
7 going on and see the same people.

8 Senator McConnell: So in that particular area, drug
9 trafficking was the only source of income?

10 Mr. Morales: That I know of it, yes.

11 Senator McConnell: It totally dominated the economy,
12 then?

13 Does it totally dominate the economy of the Bahamas?

14 Mr. Morales: Do you want me to draw that conclusion? Do
15 you want me to tell you the way I feel?

16 Senator McConnell: Well, your opinion. I know that
17 you're not an economist on the Bahamas.

18 Mr. Morales: Yes. Yes, it is.

19 Senator McConnell: How successful were the interdiction
20 efforts of this country during the period you were
21 operating?

22 Mr. Morales: Can you be more specific about that
23 question, Senator?

24 Senator McConnell: How successful were the interdiction
25 efforts of this country during the period you were operating

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1 between the Bahamas and the U.S.

2 Mr. Morales: I had not even had a problem.

3 Senator McConnell: It had no impact on your work at all

4 --

5 Mr. Morales: Not whatsoever.

6 Senator McConnell: -- until they caught you?

7 Mr. Morales: Not whatsoever.

8 Senator McConnell: From what you know, have the recent
9 interdiction efforts of the United States had any impact on
10 the drug trafficking between the Bahamas and the U.S.?

11 Mr. Morales: I don't think so, Senator.

12 Senator McConnell: So you don't think the increase in
13 efforts have had any impact on it at all?

14 Mr. Morales: Not whatsoever.

15 Senator McConnell: If you were in our shoes, you're
16 pretty experienced at this business.

17 Mr. Morales: Yes, I was.

18 Senator McConnell: You did it for a while and made a lot
19 of money, presumably.

20 Mr. Morales: Yes, I was.

21 Senator McConnell: If you were in our seats, what would
22 you do?

23 Mr. Morales: Probably legalize the drugs.

24 [General laughter]

25 Senator McConnell: What's your second choice?

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1 [General laughter]

2 Mr. Morales: I'm sorry, Senator, I didn't mean to be --
3 but that's, quite frankly, the answer, legalize the drugs.

4 Senator McConnell: But assuming that's not likely to
5 answer, what's your second choice?

6 Mr. Morales: The second choice -- I really don't know.
7 It's impossible to do it.

8 Senator McConnell: Impossible?

9 Mr. Morales: Yes, it is, because every single day --

10 Senator McConnell: So, in your view, we're sort of
11 wasting our time?

12 Mr. Morales: Yes, in sort of a way, yes. Every single
13 day has more and more people in the business. You know, it
14 became a major, major way to live, major -- how do you say
15 --

16 Senator Kerry: Source of income?

17 Mr. Morales: Yes, a major source of income, especially
18 in the Bahamas. That's the only income they have
19 whatsoever.

20 Senator McConnell: Thank you, Mr. Chairman.

21 Senator Kerry: Thank you very much, Senator.

22 We will be briefed this afternoon by the CIA, if you can
23 make yourself available.

24 Senator McConnell: I'll be available.

25 Senator Kerry: We can get further information, I hope.

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1 Mr. Chairman, do you have any questions you would like to
2 ask at this point?

3 The Chairman: No questions, thank you.

4 I just want to get the flavor of the hearing.

5 Senator Kerry: Thank you very much. We appreciate your
6 presence.

7 The Chairman: I want to congratulate you and Senator
8 McConnell on pursuing this line of inquiry.

9 Senator Kerry: Thank you very much.

10 I want to come back to something. I want to ask you more
11 about Cuba.

12 This is the first time you've ever talked about Cuba, am
13 I correct?

14 Mr. Morales: Yes.

15 Senator Kerry: You've never mentioned that you had any
16 narcotics involvement in Cuba before.

17 Mr. Morales: I did mention it through my attorneys to
18 the U.S. Prosecutor in south Florida many times.

19 Senator Kerry: But publicly you've never said that?

20 Mr. Morales: No, never -- I don't think so. Not that I
21 recall.

22 I don't think so.

23 Senator Kerry: Before I revisit the issue of the gun
24 running, which we need to get into in more detail, let me ask
25 you this.

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1 How did you get into Cuba?

2 How were you able to exit and to entrance?

3 Mr. Morales: Since I recall, that was from the Mariel
4 time, and also through a friend of mine, who used to deal
5 with the Cuban authorities about the drug activities.

6 Senator Kerry: Did you also pay money there in order to
7 facilitate that?

8 Mr. Morales: Yes.

9 Senator Kerry: Did you pay money through your friend,
10 who paid people, or did you pay people directly?

11 Mr. Morales: Directly.

12 Senator Kerry: You paid them directly?

13 Mr. Morales: I did.

14 Senator Kerry: How did you get the overflight
15 permission? Where did that come from?

16 Mr. Morales: You just have to have a code.

17 Senator Kerry: Who gave you the code?

18 Mr. Morales: The officials, Cuban officials.

19 Senator Kerry: And you had your special code, personal
20 code?

21 Mr. Morales: A special, personal code. I did.

22 Senator Kerry: Did that code change ever?

23 Mr. Morales: No.

24 Senator Kerry: It was always the same code?

25 Mr. Morales: Always the same one.

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1 Senator Kerry: Over what period of time were you
2 involved in narcotics trafficking with Cuba?

3 Mr. Morales: Since early 1980 to 1984, or 5 -- many
4 years. Many years. I would say probably my last trip to
5 Cuba was in 198--

6 Senator Kerry: Did you fly in in one of your aircraft?

7 Mr. Morales: I used to go in and out in my own aircraft,
8 yes, I did.

9 Senator Kerry: Did you fly in the same aircraft each
10 time?

11 Mr. Morales: No. Different aircraft each time.

12 I flew probably three or four aircraft. But I didn't go
13 one after the other one in the same aircraft, no.

14 Senator Kerry: Where would you fly from?

15 Mr. Morales: I would fly from Miami, Opaoca, my
16 airport. Sometimes from Executive Airport in Fort
17 Lauderdale.

18 Senator Kerry: Did you file a flight plan?

19 Mr. Morales: No, I did not.

20 Senator Kerry: How would you deal with the American
21 defense system?

22 Mr. Morales: You don't have to deal with that, Senator.

23 Senator Kerry: Why?

24 Mr. Morales: You just have to have a plane, have a
25 pilot, and jump in a plan, take off.

1 Senator Kerry: Well, don't we have surveillance of
2 aircraft coming out of Cuba?

3 Mr. Morales: Probably, but I never had to deal with no
4 such a thing like that.

5 Senator Kerry: You just flew in?

6 Mr. Morales: I flew from here directly to Havana.

7 Senator Kerry: What altitude did you fly at?

8 Mr. Morales: Out of there to here?

9 Senator Kerry: From the United States to Cuba.

10 Mr. Morales: Yes, I did.

11 Senator Kerry: What altitude?

12 Mr. Morales: Oh, the altitude -- 11,000 feet; sometimes
13 8,000. You know, you approach the island, you go down.

14 Senator Kerry: Did you fly low to avoid radar at any
15 place?

16 Mr. Morales: Say that again, Senator?

17 Senator Kerry: Did you fly low to avoid radar at any
18 location?

19 Mr. Morales: Me flying the plane, being in the plane?

20 Senator Kerry: Yes.

21 When you were in the plane going to Cuba, did you try to
22 avoid radar at all?

23 Mr. Morales: Sometimes, yes.

24 Senator Kerry: Sometimes.

25 Mr. Morales: Yes.

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1 Senator Kerry: Why only sometimes?

2 Mr. Morales: When I went from Cuba to the Bahamas, I had
3 to fly low, maybe because we wanted to see the ocean, but not
4 really particularly to avoid the radar.

5 Senator Kerry: But not to avoid the radar.

6 Mr. Morales: I really don't know. I don't recall flying
7 one time specifically just to do that. Sometimes we did it
8 inside the United States, yes, to avoid the radar.

9 Senator Kerry: Did the Cubans solicit assistance from
10 you regarding drug trafficking?

11 Mr. Morales: They are in the business to make money,
12 Senator. So any type of, sort of speaking, any type of
13 business, they're willing to do with you, especially with you
14 well known in the business, like I was in those times.

15 Senator Kerry: Did there come a time when you were
16 invited to Havana?

17 Mr. Morales: Yes, many times.

18 Senator Kerry: How did that come about?

19 Mr. Morales: That was in 1984.

20 Senator Kerry: Why were you invited to Havana?

21 Mr. Morales: I went over there to visit some of my
22 wife's relatives, relatives.

23 Senator Kerry: That was pleasure, then?

24 Mr. Morales: Yes.

25 Senator Kerry: Where did you stay?

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1 Mr. Morales: I stayed in the Triton Hotel, Havana.

2 Senator Kerry: Did you talk to government officials at
3 that point in time?

4 Mr. Morales: Yes, I did. Many of them.

5 Senator Kerry: Did they personally identify themselves
6 to you?

7 Mr. Morales: Yes, sir. They did.

8 Senator Kerry: Was there any discussion about
9 intelligence gathering at that time?

10 Mr. Morales: Can you repeat? Can you be more specific
11 about that question, Senator, please?

12 Senator Kerry: Did they ask you to engage in any
13 intelligence gathering activities?

14 Mr. Morales: To engage with them in --

15 Senator Kerry: Intelligence gathering, information,
16 intelligence.

17 Mr. Morales: For them?

18 Senator Kerry: Yes.

19 Mr. Morales: No. If they did, I don't recall.

20 Senator Kerry: Did they make any offers to you of any
21 kind?

22 Mr. Morales: Yes, they did.

23 Senator Kerry: About what?

24 Mr. Morales: For instance, to be there, to avoid my
25 charges, because I was facing so many years. They offered me

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1 the island. They offered me my own code, which I did have.
2 They offered me island, different than Cuba. They offered me
3 a runway, bank, house.

4 Senator Kerry: Why didn't you accept that?

5 Mr. Morales: I did some. I did accept some of it.

6 Senator Kerry: What did you accept?

7 Mr. Morales: I did accept the house, and my code to go
8 in and out of Cuba without no problem whatsoever. I did
9 accept bank transactions. I did accept to buy gold in their
10 own banks.

11 Senator Kerry: So this was to facilitate your drug
12 trafficking?

13 Mr. Morales: Sort of speaking, yes.

14 Senator Kerry: What year was this?

15 Mr. Morales: In 1984 and 1985.

16 Senator Kerry: This was after your indictment?

17 Mr. Morales: Yes, and before that, too. I want to make
18 that clear, for the record. In 1980, when I went for the
19 Mariel, I met very high officials, which I was also offered
20 different types of transactions, different types of deals,
21 business.

22 They wanted to buy, also, Senator, any type of, they
23 wanted to get any type, to buy any type of merchandise, you
24 know, boats.

25 Senator Kerry: Let me ask Senator McConnell if on Cuba

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1 he has anything he wants to ask, before we move into another
2 area.

3 Senator McConnell: No, thank you.

4 Senator Kerry: Let me come back to the question now of
5 guns and Contras.

6 You say the first contact was made in, you met in 1983,
7 but the first contact to actually assist in getting guns was
8 in 1984.

9 Is that correct?

10 Mr. Morales: I did send some guns in 1983.

11 Senator Kerry: You sent some guns in 1983.

12 Mr. Morales: Yes, 1983.

13 Senator Kerry: What quantity of guns would you send in
14 any shipment?

15 Mr. Morales: In 1983, I recall sending 40 M-79s, grenade
16 launchers. I do not know where the plane land, other than
17 there was a discussion if they land in Costa Rica or
18 Salvador.

19 Consequently, with that trip, I learned through the
20 people through the plane that they landed in Salvador.

21 Senator Kerry: Do you remember, at Ilopango?

22 Mr. Morales: Yes, they did.

23 Senator Kerry: Do you remember the tail number of that
24 plane?

25 Mr. Morales: If I'm not mistaken, it's PaPa PaPa Echo

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1 Delta Charlie.

2 Senator Kerry: What kind of plane?

3 Mr. Morales: DC-3, C-47. The same as the one the CIA
4 has now in Ilopango, which I gave them in 1984, late 1984, to
5 the CIA.

6 Senator Kerry: I'm sorry. I didn't follow that.

7 Mr. Morales: The same plane that I gave to the Contras
8 and the CIA in late 1984. They still have it.

9 Senator Kerry: You're saying they still have it?

10 Mr. Morales: Yes.

11 Senator Kerry: It's at Ilopango now?

12 Mr. Morales: It is there.

13 Senator Kerry: How do you know that?

14 Mr. Morales: Because they haven't moved it.

15 Senator Kerry: How do you know they haven't moved it?

16 Mr. Morales: I talked to, in the meeting that I had with
17 Mr. Eden Pastora last year, it was in the beginning of 1986,
18 the last meeting that I had with him, and we discussed the
19 situation with him.

20 That's why I know that the plane is still there.

21 Senator Kerry: Now that is the only shipment in 1983?

22 Mr. Morales: Yes.

23 Senator Kerry: In 1984, that's when you first had these
24 series of meetings with PoPo Chammoro and Marco Aguado, is
25 that correct?

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Mr. Morales: Yes.

Senator Kerry: In 1984?

Mr. Morales: I was formally introduced to them in 1984.

Senator Kerry: Who introduced you to them?

Mr. Morales: Mr. Chammoro's, his wife.

Senator Kerry: Did Martha Healy play any role in that?

Mr. Morales: She is, in fact, Mr. Chammoro's wife.

Senator Kerry: How long a period of time did those meetings go on for?

How many times did you meet?

Mr. Morales: About every single day. We just, I used to stay in the same hotel with them.

Senator Kerry: Where?

Mr. Morales: The meetings lasted for days and days and days.

Senator Kerry: Where?

Mr. Morales: In Miami.

Senator Kerry: What hotel?

Mr. Morales: Fontainbleu was one of them.

I remember in late 1984, that Octaviano Cesar went with me for a week or ten days for the offshore power boat race in Key West.

Senator Kerry: Under whose name did you register at the hotel?

Mr. Morales: I used to have the whole penthouse. It's

1 supposed to be me or my racing team. Maybe, maybe could have
2 been him, himself, because, as I recall, he was first in the
3 penthouse; later on he was in the third floor. I believe, if
4 I'm not mistaken, 315 is the room number.

5 Senator Kerry: Who was on the third floor?

6 Mr. Morales: Cesar.

7 Senator Kerry: Cesar?

8 Mr. Morales: Cesar Octaviano, , yes, and his wife and
9 some friends.

10 Senator Kerry: In the Fontainbleu Hotel?

11 Mr. Morales: No.

12 This is in Key West.

13 Senator Kerry: Oh, Key West.

14 Mr. Morales: In the Fontainbleu Hotel he was in his own
15 name.

16 Senator Kerry: Which hotel was he in in Key West?

17 Mr. Morales: Casa Marina -- Casa Maria.

18 Senator Kerry: Casa Maria.

19 Now you say you met with him there?

20 Mr. Morales: No. We flew, as a matter of fact, we flew
21 one of my helicopters together with my wife and his wife,
22 Martha Healy, down there for the races.

23 Senator Kerry: And it was in those conversations that
24 the discussion of assisting the Contras came up?

25 Mr. Morales: No.

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1 Senator Kerry: All right. When did that --

2 Mr. Morales: All the time. The purpose of the meeting,
3 the conversation, all the time, I don't recall not even one
4 particular time, Senator, that I met with them that we didn't
5 talk about the guns, drugs, the help.

6 Senator Kerry: Always?

7 Mr. Morales: All the time.

8 Senator Kerry: When was the first trip that you made in
9 which guns went down and drugs came back?

10 Mr. Morales: That was around July, 1984.

11 Senator Kerry: In 1984?

12 Mr. Morales: Yes.

13 Senator Kerry: How did that arrangement come to be
14 made?

15 Mr. Morales: With them, with Popo and Octaviano.

16 Senator Kerry: Was there specific discussion of drugs
17 coming back in in the same plane?

18 Mr. Morales: All the time.

19 Senator Kerry: Why did that discussion take place?

20 Mr. Morales: Because that was the purpose of our
21 meeting, Senator. That was the purpose of me helping them
22 out in return for them helping me with my legal problems, in
23 the State Department, CIA, whatever.

24 Senator Kerry: Now how were you able -- I think most of
25 us sit here and say, you know, here you are, in the open

1 daylight of which airport -- which this Fort Lauderdale
2 airport?

3 Mr. Morales: We sent guns from different airports,
4 Senator.

5 Senator Kerry: All right.

6 You flew guns out of Fort Lauderdale airport?

7 Mr. Morales: Yes, I did.

8 Senator Kerry: You flew guns out of Miami International
9 Airport?

10 Mr. Morales: No.

11 Senator Kerry: Which airport?

12 Mr. Morales: Out of Opaoca Airport.

13 Senator Kerry: Opaoca Airport.

14 Mr. Morales: Many times.

15 Senator Kerry: What other airports did you fly guns out
16 of?

17 Mr. Morales: Executive Airport in Fort Lauderdale.

18 Senator Kerry: Any others?

19 Mr. Morales: No, sir.

20 Senator Kerry: Now, here you are, in the light of day,
21 12:00 noon, at Fort Lauderdale airport. You are loading an
22 airplane and you're loading guns into the airplane.

23 You didn't worry about anybody stopping you?

24 Mr. Morales: No.

25 As a matter of fact, I did request, and I did ask, Marcos

1 Aguado, and I remember specifically he telling me not to
2 worry about it, we are the CIA, we are going to be around the
3 plane, and don't worry about it.

4 Senator Kerry: We're going to be what?

5 Mr. Morales: Around the plane. Around the plane. Do
6 not worry about it, because I was concerned about that
7 situation.

8 Senator Kerry: Did any Customs agents ever inquire?

9 Mr. Morales: Never, other than I remember one time one
10 of them --

11 Senator Kerry: Let me just interrupt you.

12 You were under indictment at this time?

13 Mr. Morales: Yes, I was.

14 Senator Kerry: So you were doing this for a reason, is
15 that correct?

16 Mr. Morales: Yes, I did.

17 Senator Kerry: What was the reason you were doing this?

18 Mr. Morales: Number one, they promised me, in exchange
19 for my support, to take care of my legal problems.

20 Secondly, I was sort of paying back what I owe, you
21 know. I feel good doing it because I say at least I'm paying
22 back what I owe them, that I did illegally, between these
23 years.

24 And last, to help them out.

25 Senator Kerry: Let me ask you a question.

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1 Somebody sitting here, listening to you now, you've been
2 convicted to 15, 16 years, I take it the IRS is after you for
3 money -- Is that right?

4 Mr. Morales: Yes.

5 Senator Kerry: You owe them money?

6 Mr. Morales: Yes, I did -- I do.

7 Senator Kerry: So you've got a lot of problems, right?

8 Mr. Morales: Yes, I do.

9 Senator Kerry: Here you are, sitting here in front of a
10 Committee, and you're telling us these things as though they
11 are sort of the normal day, which, for you, I suppose it was,
12 but for us it's not.

13 And we're sitting here listening, and every one of us has
14 to say to ourselves, you know, is this guy telling the
15 truth? Why should we believe him today?

16 I want you to address that. Why should I believe what
17 you're saying, sitting here, talking about guns running out
18 of here really easily and drugs coming back in, and this was
19 business as usual?

20 Mr. Morales: Senator, since last year, right after I got
21 indicted, I tried too many times, many, many, many times, to
22 get a hold of the U.S. Prosecutor in south Florida, Miami.
23 And my attorneys, which, at that time, I had about four or
24 five, every one of them contacted the U.S. Attorney, Mr.
25 Kellner, Mr. Karadbel, Neil Karadbel, Leon V. Kellner, Lynea

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1 Snaeder-Johnson, and some of the other people, and told them
2 about my role with the CIA and the Contras.

3 I have many letters that my attorneys sent, directed to
4 the U.S. Prosector's office advising them about my role,
5 advising them that I was willing to talk with them what I
6 did, that I was doing it for the Government of the United
7 States, and I do not have whatsoever any doubt in my mind
8 until this moment that none of those guys that they
9 introduced to me are, in effect, CIA.

10 Senator Kerry: Well, I appreciate what you're saying,
11 and I want to talk about your efforts to try to tell your
12 story. But why should I believe you?

13 Why should I or any Americans say George Morales is
14 telling the truth today, I believe him.

15 Mr. Morales: I don't see why not, Senator. Quite
16 frankly, in the beginning, when I started being interviewed
17 with Mr. Gregory and Mr. Jack Blum, that was one of the first
18 things I told Mr. Gregory. I do not want to go on Capitol
19 Hill and testify unless I go before through the lie detector
20 test. I'm willing. I'm here. I'm willing to do it.

21 Senator Kerry: When did you tell Mr. Gregory you would
22 take the lie detector test?

23 Mr. Morales: All the time.

24 Senator Kerry: And Mr. Gregory is the Assistant U.S.
25 Attorney?

1 Mr. Morales: No.

2 Senator Kerry: Oh, I'm sorry, excuse me. The House
3 Counsel.

4 Mr. Morales: By the way, I did talk to Mr. Karadbel, the
5 U.S. Prosecutor in my case, and I told him, face to face,
6 that I'm willing to do it, and that was one week before my
7 sentence.

8 Senator Kerry: One week before you were sentenced --

9 Mr. Morales: Yes.

10 Senator Kerry: -- you told the U.S. Attorney's office
11 you would, you were trying to plea bargain, correct?

12 Mr. Morales: Yes, I did.

13 Senator Kerry: And you were trying to make a deal?

14 Mr. Morales: Yes.

15 Senator Kerry: And you said you were willing to tell all
16 of this information.

17 Mr. Morales: All this information, with the Cuba, and
18 quite a few more things that, because of the nature, of the
19 sensitiveness of this information, all the things that I have
20 to explain, I'm not going to be able to reveal that in public
21 session.

22 He knew about it.

23 Senator Kerry: Were you ever given a lie detector test?

24 Mr. Morales: No, never.

25 Senator Kerry: Nobody has ever given you one?

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1 Mr. Morales: Never, ever.

2 Senator Kerry: There is no record of your taking one?

3 Mr. Morales: I have never taken one. I don't even know
4 how to take one, to be quite frank.

5 Senator Kerry: Are willing to take one?

6 Mr. Morales: I'm willing to do it. I'm right here.

7 Senator Kerry: If this Committee asked you to take one?

8 Mr. Morales: Yes, 100 percent.

9 Senator Kerry: All right.

10 Now, when did you first have a communication other than
11 your indictment, a discussion with the U.S. Attorney's Office
12 in Miami regarding your willingness to talk?

13 Mr. Morales: When was the first time?

14 Senator Kerry: [Nods affirmatively]

15 Mr. Morales: Right after my indictment. Right after I
16 got arrested, June 12, 1986. My attorney, Kate Bonner --
17 B-O-N-N-E-R -- had a meeting with Mr. Kellner and Lynea
18 Snaeder-Johnson was at the meeting. Mr. Neil Karadbel was at
19 the meeting. Don Carpenter, private investigator, who worked
20 for Mrs. Bonner, was at the meeting. Kellner himself, and my
21 attorney.

22 Consequently to that meeting, my other attorney, by the
23 name of David O'Leary, also contacted Leon Kellner and talked
24 to him about my situation.

25 The response was that they were not interested in

1 politics.

2 Senator Kerry: Now this was in 1986?

3 Mr. Morales: Yes, it was. Yes. Right after my, right
4 after I got arrested on June 12.

5 Senator Kerry: You were arrested June 12?

6 Mr. Morales: Yes.

7 And he also, in the meeting that --

8 Senator Kerry: Let me just go slowly because I want the
9 record, the chronology, to show.

10 On June 12, you were arrested -- of 1986?

11 Mr. Morales: Yes.

12 Senator Kerry: And reports surfaced publicly about the
13 gun running and drug smuggling in the newspapers in Miami
14 during that period, didn't they?

15 Mr. Morales: Yes, it was.

16 Senator Kerry: And through the fall?

17 Mr. Morales: Yes.

18 Senator Kerry: When was the first time you were called
19 before the Grand Jury to give evidence regarding these
20 matters?

21 Mr. Morales: About a month ago.

22 Senator Kerry: One month ago?

23 Mr. Morales: A month ago, yes.

24 Senator Kerry: In 1987?

25 Mr. Morales: In 1987. I believe it was a Tuesday. Can

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1 you hold one second, please, Senator?

2 Senator Kerry: Yes.

3 Mr. Morales: I believe it was Tuesday. I believe it was
4 the 16th of June.

5 That was a Tuesday, I believe, the 16th of June.

6 Senator Kerry: The 16th of June. All right.

7 Now, during the summer and fall of 1986, did you attempt
8 to make known through your attorneys your willingness to
9 discuss these matters?

10 Mr. Morales: For the record, Senator, I would like to,
11 for you to be a little bit more specific about what means the
12 "summer?"

13 Senator Kerry: Well, in 1986.

14 Mr. Morales: Which months, please?

15 Senator Kerry: From July --

16 Mr. Morales: Yes.

17 Senator Kerry: -- all the way through the rest of the
18 year of 1986.

19 Mr. Morales: Into?

20 Senator Kerry: Into 1987.

21 Mr. Morales: Into 1987. Probably two months ago, the
22 last time. The last time I took the effort myself, directly
23 myself, and I talked to the U.S. Prosecutor myself about this
24 relation, this situation.

25 Senator Kerry: But during those months last year, from

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1 July to December, did your lawyers communicate to the U.S.
2 Attorney's Office?

3 Mr. Morales: Yes, many times.

4 Senator Kerry: Did you make yourself available to
5 discuss these matters?

6 Mr. Morales: All the time. That was the major effort,
7 the major concern, for us to talk to the U.S. Prosecutor and
8 inform him about all these several things that we're talking,
9 discussing, today, in this hearing.

10 Senator Kerry: Counsel, did you want to add something?

11 Mr. Yavitz: I'd like to point out that initially Mr.
12 Morales was concerned about a plea bargain or improving his
13 position with the government, and at that time was willing to
14 provide that information to improve his chances with his
15 prosecution.

16 At this particular time, he has already been sentenced,
17 and he is receiving no benefit of any kind by coming here
18 before this Committee, or any Committee. From a legal
19 standpoint, I have personally been opposed to him doing some
20 of this, both for his own safety and for whatever benefits he
21 can derive, which are basically nil.

22 So, if someone is concerned about his veracity or
23 truthfulness at this time, here is a man who is coming before
24 this Committee with nothing to gain at this time of any
25 value. Actually, it's against his best interests.

1 We do not have immunity, or my client does not have
2 immunity. He has no witness protection program. He has a
3 U.S. Attorney's Office in Miami who is totally opposed to
4 him, who has taken such steps as to make sure that no
5 agencies, from any DEA, Customs, or any agency which might be
6 inquiring into this matter or interested in inquiring into
7 this matter, can even deal with him. They have attempted to
8 discredit him.

9 Senator Kerry: Let me ask you. Wait a minute, now.
10 That's a very serious statement.

11 You're saying that the U.S. Attorney has prevented other
12 agencies who want to deal with him from doing so?

13 Mr. Yavitz: Yes.

14 Senator Kerry: What other agencies have been prevented
15 from dealing with him?

16 Mr. Yavitz: Customs, DEA.

17 Senator Kerry: In what way have they been prevented?

18 Mr. Yavitz: In order for a person, or a defendant, or an
19 ex-defendant, such as Mr. Morales, to deal with an agency, he
20 obviously has to derive some type or enter into some type of
21 agreement whereby what he would say would not be used against
22 him, and the parameters of the agreement, it's usually
23 reduced in the simplest form to a memo. But the agencies,
24 being police and not being attorneys, cannot provide the
25 letter of intent or letter of agreement.

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1 And the U.S. Attorney's Office has refused to allow their
2 office to be used to secure such an agreement.

3 So, even though the letter, the memo, could be reduced to
4 a page, or a couple of lines, they have refused to provide
5 that assistance, and, as a matter of fact, have told various
6 agencies and agents not to deal with Mr. Morales at all, and
7 not to deal with his representatives at all.

8 We have been confronted with that.

9 I personally have been confronted with that over the last
10 several months. So I speak from a position of total
11 knowledge that we have had that type of confrontation with
12 the U.S. Attorney's Office.

13 Mr. Morales, being here today, even though he is
14 subpoenaed, could readily have invoked the Fifth Amendment.

15 As a matter of fact, that was my initial preference when
16 we came here today. And I discussed with Mr. Blum my
17 personal reluctance, my opinion and my reluctance as an
18 attorney, in allowing him to do that, in allowing him to
19 testify, and made it very clear to Mr. Blum how I felt that
20 this was prejudicial to Mr. Morales' well being and safety,
21 and that there was nothing really to be gained by it.

22 Mr. Morales at this point is, regardless of having been a
23 convicted drug smuggler or drug dealer, is, nevertheless, not
24 a foreigner, but is an American. What he is actually doing
25 here is simply out of a patriotic standpoint, something he

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1 personally cannot convey, and I don't know if he even has
2 gleaned that. But that is the only reason that he can be
3 here today.

4 Senator Kerry: Let me just say that I appreciate that.
5 We had discussion beforehand about the question, about
6 those issues. I think the record ought to also show that he
7 is currently under a grant of Federal Immunity as to his
8 activities involving the Contras, I believe.

9 Mr. Yavitz: No, no.

10 What had happened is the U.S. Attorney's Office, through
11 the Justice Department, secured an immunity grant, which took
12 effect upon the court issuing an order to grant him immunity.
13 But until he testified, and he has not testified, the
14 immunity does not practically attach.

15 Senator Kerry: I totally understand that it does not
16 attach. But it seems to me very difficult, given the order
17 and the intent of the prosecutor, to not recognize that same
18 intent under the cover of a Congressional inquiry.

19 We don't need to go into that further here now. But I am
20 certainly, on the basis of what you have said, inclined to
21 want to seek some kind of response from the U.S. Attorney, as
22 well as from the DEA and possibly Customs. I think that we
23 ought to know because this is precisely one of the areas of
24 inquiry that we are concerned about in this Committee -- you
25 know, what has happened that these kinds of activities are

1 moving out of three Florida airports in the warm light of day
2 without anything happening? And what happens when people
3 have made themselves available and we go for months, and they
4 are not called before grand juries, particularly when there
5 has been as much interest as I think there has been on this.

6 I think that is a legitimate focus.

7 Let me keep going. I want to come back to something.

8 Mr. Morales: May I make something here for the record,
9 Senator?

10 Senator Kerry: Yes.

11 Mr. Morales: I am sure that my attorneys contacted the
12 U.S. Prosecutor's Office long before that June 12, 1986, long
13 before that, about my activities with the CIA and the
14 Contras.

15 Senator Kerry: Okay. We'll come back to that and there
16 is some of that that we may have to pursue in a different
17 session.

18 We still haven't got the full chronology here with
19 respect to the guns and weapons, and I want to try to
20 complete that.

21 How many flights did you specifically direct to take
22 weapons and come back with narcotics?

23 Mr. Morales: All this started, and other things, in --

24 Senator Kerry: Would you speak clearly into the
25 microphone?

1 Mr. Morales: Yes -- in 1983 -- oh, 1984. In 1984, I did
2 send right after my meeting with them two planeloads of
3 weapons. One of them was leaving out of my office, and the
4 other one left out of Executive Airport, in the plane that I
5 bought for the Contras.

6 Senator Kerry: What kind of weapons did you ship in
7 those shipments?

8 Mr. Morales: I shipped some of the weapons given by
9 them, and others.

10 Senator Kerry: What were they? What kind,
11 specifically?

12 Mr. Morales: They were M-16s, machine guns, some C-4,
13 explosives, plastic explosives. I recall one, big, cannon, I
14 don't know what it was, an M-60 or something like that.
15 Ammunitions.

16 The plane was full. Both planes were full.

17 Senator Kerry: What were these weapons packed in?
18 How were they packed?

19 Mr. Morales: Very poor packing. I mean, you can see the
20 weapons through the boxes.

21 Senator Kerry: They were just dumped in boxes?

22 Mr. Morales: Yes.

23 Senator Kerry: No wrapping around the weapons?

24 Mr. Morales: Some of them, none whatsoever.

25 I did have those weapons in my office and I checked some

1 of them. Some of them I shipped, some of them I did not
2 because they were in poor condition.

3 Senator Kerry: What was the largest aircraft of weapons
4 that you used, that you shipped out?

5 Mr. Morales: The Titan.

6 After, in 1984?

7 Senator Kerry: [Nods affirmatively]

8 Mr. Morales: The Titan.

9 Senator Kerry: How many guns would you ship in that?
10 Did you?

11 Mr. Morales: I cannot tell, Senator.

12 Senator Kerry: Were all these guns bought on the open
13 market in Miami?

14 Mr. Morales: Some of them, yes. Some of them were given
15 to me by the Contras in Miami.

16 Senator Kerry: Do you know where they came from in
17 Miami?

18 Mr. Morales: We had the discussion about where the guns
19 come from because I was very upset because of the situation,
20 that I was going to send a plane full of weapons, which did
21 not pay the trip to send the weapons. I was very upset.

22 I recall calling to Popo Chammoro to advise him that it
23 was very poor conduct, the organization, because I found a
24 lot of weapons rusty, and those weapons were not going to be
25 able to be used by the Contras.

1 Some of the weapons I bought them myself through
2 different purchases in Miami.

3 Senator Kerry: The Titan shipment weighed about how
4 much? Do you remember the weight?

5 Mr. Morales: About 2,000 pounds. It was heavy, very
6 heavy.

7 It was very heavy.

8 Senator Kerry: How many shipments of weapons did you
9 personally oversee or take part in loading?

10 Mr. Morales: The first time that I shipped the weapons
11 was in 1983, July, 1983, July-August, 1983.

12 The second one was in July, 1984, June or July, 1984,
13 right after I met with Octaviano and Chamorro.

14 Right after that, I took some of their pilots and trained
15 them because Marcos Aguado did not want to deal with the
16 situation because he was afraid, being a CIA, as he described
17 he was, to being in the situation, in which he was going to
18 get caught in between because of my reputation in south
19 Florida as being a drug smuggler.

20 So, therefore, he suggest, Octaviano, that we should look
21 for pilots others than the ones used to work for me, very
22 familiar with the runways in Central America. That's exactly
23 what we did.

24 Senator Kerry: Where did you look for those pilots?

25 Mr. Morales: They were provided to me by the Contras.

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1 Senator Kerry: Who supplied them?

2 Mr. Morales: Chammoro, Cesar, and Marcos.

3 Senator Kerry: Did you train those pilots?

4 Mr. Morales: Yes, I did. Many of them.

5 Senator Kerry: Where did you train them?

6 Mr. Morales: I trained them in the Bahamas. I trained
7 them in Opaloca Airport. Many times.

8 Senator Kerry: What did that training consist of?

9 Mr. Morales: Specifically, how to operate a load, I mean
10 a plane load of heavy weapons or drugs; to brief them in the
11 way how to operate planes because there were very
12 sophisticated machines and they were not used to that -- some
13 of them they were, some of them not.

14 I train them how to approach the runways in the Bahamas,
15 how to approach the runway loaded, how to take off in the
16 middle of the day loaded, how to transfer the fuel from the
17 regular tanks to auxiliary tanks in order for us to have a
18 long fuel range.

19 Senator Kerry: How long did this training period take
20 place?

21 Mr. Morales: It took place that I recall from 1984 all
22 the way to 198-- the late 1985, beginning of 1986.

23 Senator Kerry: How many pilots were there that you
24 trained?

25 Mr. Morales: I would say probably eight, nine pilots.

1 Senator Kerry: And all of these pilots flew for you?

2 Mr. Morales: Yes, they did.

3 Senator Kerry: Flew your aircraft?

4 Mr. Morales: Yes, they did.

5 Senator Kerry: And they flew the shipments of guns?

6 Mr. Morales: Yes, they did. Some of them did, some of
7 them did just training. And it was never a time for them to
8 fly the weapons.

9 Senator Kerry: In executive session, can you give us the
10 names of those pilots?

11 Mr. Morales: Yes.

12 Senator Kerry: Do you know where any of them are now?

13 Mr. Morales: They are in Costa Rica.

14 Senator Kerry: All of them?

15 Mr. Morales: As a matter of fact I believe -- can you
16 hold on one second?

17 [Pause]

18 Senator Kerry: Now, you were going through the
19 shipments. You had a July shipment, et cetera. How many,
20 can you complete that question of how many shipments there
21 were?

22 Mr. Morales: In July, were two of them, with guns down
23 and drugs back from Costa Rica. Consequently, after that,
24 there were quite a few trips from Colombia to the Bahamas.
25 I would say probably eight.

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1 The first two, the first couple, maybe two or three,
2 there were, I used the pilot as a co-pilot for the training.
3 One of the Contras pilots. And the rest of the trips he did
4 it himself, as a pilot.

5 Late 1985, I flew myself to Costa Rica, and we discussed
6 with them.

7 Senator Kerry: Who did you deal with in Costa Rica? Did
8 you have to have a contact down there to pick up the drugs?

9 Mr. Morales: I deal with the Contras. They had this
10 special, they had this ranch, John Hull's ranch, which the
11 plane --

12 Senator Kerry: All right. Where is this ranch?

13 Mr. Morales: The ranch is in the south, I mean, the
14 south of Nicaragua, north part of Costa Rica. We flew there
15 --

16 Senator Kerry: Whose ranch? John Hull?

17 Mr. Morales: John Hull's ranch.

18 Senator Kerry: Did you personally fly into that ranch?

19 Mr. Morales: No, I did not.

20 Senator Kerry: But your pilots you say did?

21 Mr. Morales: Yes, they did.

22 Senator Kerry: In your aircraft?

23 Mr. Morales: Yes. They did in my own aircraft. Many
24 times.

25 Senator Kerry: How many times?

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1 Mr. Morales: I recall with the guns and without guns.

2 Senator Kerry: With guns?

3 Mr. Morales: And without guns.

4 There were some flights from El Salvador to Costa Rica,
5 in which they land over there without guns. I'm not too sure
6 if they have guns or not at that moment. Don't commit me to
7 that.

8 Senator Kerry: Did you ever meet John Hull?

9 Mr. Morales: Formally, I never did. No.

10 I saw him. I saw him. The first time I saw him, it was
11 in my office in 1983.

12 Senator Kerry: What was that? He was in your office,
13 but you didn't meet him?

14 Mr. Morales: No. I did not want to.

15 Senator Kerry: Why didn't you want to?

16 Mr. Morales: Mr. John Hull is very well known by many
17 people in Colombia and Central America for his activities,
18 and also has the reputation in which he is, I believe, being
19 a CIA. And I didn't want no dealings with government people
20 other than what we already have established through Mr.
21 Chamorro and Mr. Cesar.

22 So there was no need for me to meet him.

23 Senator Kerry: Why did he come into your office?

24 Mr. Morales: He came in 1983 to my office.

25 Senator Kerry: Was he alone?

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1 Mr. Morales: No. He was with Marcos Aguado. And also
2 that was the first time that I recall seeing Mr. Gerardo
3 Duran, who is one of the pilots who got arrested the same day
4 in Costa Rica, for the coke shipment.

5 Senator Kerry: What did he come to your office for? Did
6 you learn?

7 Mr. Morales: He came to my office with a gentleman by
8 the name of Gustavo.

9 Senator Kerry: I couldn't understand that.

10 He came to what?

11 Mr. Morales: He came to my office with a gentleman by
12 the name of Gustavo, a Colombian friend. And that was the
13 first time I saw him.

14 The second time I saw him in Costa Rica, at the hotel.
15 That was late 1984.

16 Senator Kerry: What hotel?

17 Mr. Morales: Carriare.

18 Senator Kerry: What was the occasion of that meeting?

19 Mr. Morales: I went over there to check the shipment of
20 coke that was supposed to be flown from there to the Bahamas
21 the next week or so.

22 Senator Kerry: A shipment of coke?

23 Mr. Morales: Yes.

24 Senator Kerry: You went to the hotel to check it?

25 Mr. Morales: No.

1 We had it in one of the safety houses. Or they had it in
2 one of the safety houses.

3 Senator Kerry: Who did you meet with at the hotel?

4 Mr. Morales: I meet with Mr. Carol Prado. I meet with
5 Octaviano Cesar. I meet with several of them.

6 Senator Kerry: Why was John Hull there? Was he part of
7 that meeting?

8 Mr. Morales: Well, he was in the poolside. I did not
9 know if he was part of, he was not part of the meeting.

10 Senator Kerry: He was not part of the meeting?

11 Mr. Morales: No, he was not. He didn't took part any of
12 my meetings, no. He was just in the pool with some of the
13 pilots.

14 Senator Kerry: Did your pilots take weapons to John
15 Hull's ranch?

16 Mr. Morales: Yes.

17 Senator Kerry: Do you specifically know they landed
18 there?

19 Mr. Morales: Yes, definitely. No doubt in my mind.

20 Senator Kerry: Did they come back with anything in their
21 planes?

22 Mr. Morales: The first time they came with 400-and-some
23 kilos of cocaine, came directly to Florida.

24 Senator Kerry: I'm sorry. I missed that.

25 Mr. Morales: The plane came directly from Costa Rica to

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1 Florida. That was in July, 1984. June or July, 1984.

2 That was the first time.

3 The second time was two weeks after that. We sent, we
4 flew some weapons out of my office.

5 Senator Kerry: Excuse me for one minute, please.

6 [Pause]

7 Senator Kerry: Do you remember when he first came? You
8 say he came to your office at the airport. Had he flown into
9 the airport?

10 Mr. Morales: Yes, I believe so. As a matter of fact, I
11 know for a fact.

12 Senator Kerry: You know he flew in?

13 Mr. Morales: Yes.

14 He was there, and I remember --

15 Senator Kerry: Do you know what kind of plane he flew in
16 in?

17 Mr. Morales: November 666 -- I forgot the letters.

18 Senator Kerry: Why do you remember those letters?

19 Mr. Morales: Senator, I used to have Push and Pull
20 November 333, and I used to have also Twin Beech with the
21 numbers of 33333.

22 So it was called to my attention, this plane being 666.
23 That's why I remember so much.

24 I mean, the Opaloca Airport, it is not that large of an
25 airport.

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1 Senator Kerry: I want to show you a set of documents
2 here if I can.

3 Would you take those down to him (indicating).

4 [Pause]

5 Senator Kerry: Do you recognize those? Do you know what
6 those are?

7 Have you ever seen those before?

8 Mr. Morales: No, I don't.

9 Senator Kerry: You've never seen that document?

10 Mr. Morales: Never in my life.

11 Senator Kerry: Do you know what it is?

12 Mr. Morales: It is sort of a Customs or Immigration
13 entry.

14 Senator Kerry: And it's a Customs form from where?

15 Mr. Morales: From -- from -- it was going to Miami,
16 coming from MRDC. I really don't know what that stands for.

17 Senator Kerry: What country, does it say?

18 Mr. Morales: Are you talking about the first one,
19 Senator?

20 Senator Kerry: Yes.

21 Mr. Morales: No. No. This is, the airplane took off
22 from someplace, to San Andres, and from San Andres it was
23 going to go to Miami.

24 Senator Kerry: Okay, San Andres Island, is that
25 correct?

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1 Mr. Morales: Colombia, yes.

2 Senator Kerry: In Colombia.

3 And this is a Republic of Colombia Civil Aeronautic
4 Filing Form of some kind?

5 Mr. Morales: Yes, it is.

6 Senator Kerry: And do you recognize the aircraft number
7 on that?

8 Mr. Morales: The first one, November 666. The one I
9 just described to you.

10 Senator Kerry: And the pilots are listed as?

11 Mr. Morales: Marcos Aguado and John Hull.

12 Senator Kerry: Is that the same aircraft number?

13 Mr. Morales: It was the same. It is the same.

14 Senator Kerry: And you've never seen that form other
15 than that?

16 Mr. Morales: Never.

17 Senator Kerry: Did you ever fill out that kind of form
18 yourself?

19 Mr. Morales: Never in my life. No. I never been in San
20 Andres.

21 Senator Kerry: Okay. You don't know what that is.

22 Let me turn you to the next document.

23 We'll mark that first document, just for identification
24 purposes, as Exhibit one, and this will be Exhibit two.

25 Do you recognize what this is?

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1 Mr. Morales: Excuse me?

2 Senator Kerry: Do you recognize what this is, the
3 document in front of you, the second document?

4 Mr. Morales: Yes. It is a gas bill, a gas receipt.

5 Senator Kerry: Do you see the aircraft tail number
6 there?

7 Mr. Morales: November 666, Papa Fox.

8 Senator Kerry: Okay. What kind of aircraft is that?

9 Mr. Morales: That is a Beechcraft T-55.

10 Senator Kerry: Do you know that airplane?

11 Mr. Morales: Yes, I know that airplane.

12 Senator Kerry: How do you know that airplane?

13 Mr. Morales: I saw that airplane in Opaloca Airport in
14 1983.

15 Senator Kerry: Did you ever use that aircraft in drug
16 trafficking?

17 Mr. Morales: I believe so. We were going to use it
18 once, in 1985, probably.

19 Senator Kerry: And under whose name is that entry
20 recorded? This is a gasoline document.

21 Mr. Morales: Yes. It's under Marcos Aguado.

22 Senator Kerry: All right.

23 Let me turn you to the next document, which we'll mark as
24 Exhibit three.

25 What is that document?

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1 What do you recognize that as?

2 Mr. Morales: This is a gas receipt.

3 Senator Kerry: Are these used at your airport?

4 Mr. Morales: Excuse me?

5 Senator Kerry: Did you ever fill out these kinds of
6 forms?

7 Mr. Morales: My people did, yes.

8 Senator Kerry: Are these used at your airport?

9 Mr. Morales: No. I never see this.

10 Senator Kerry: But would you use these when you flew
11 into Costa Rica?

12 Mr. Morales: From my office? Yes.

13 Senator Kerry: These forms?

14 Mr. Morales: Yes. Yes, many times.

15 Senator Kerry: And what's the aircraft number on that
16 receipt?

17 Mr. Morales: November 9-1-Charlie --

18 Senator Kerry: Bravo.

19 Mr. Morales: --Bravo, I believe.

20 Senator Kerry: And the aircraft type?

21 Mr. Morales: It's a Beechcraft 55 also, from San Andres
22 to --

23 Senator Kerry: And the date?

24 Do you see the date on that?

25 Mr. Morales: It's 83-6-25.

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1 Senator Kerry: And the name of record on the flight?

2 Mr. Morales: John Hull, as pilot, I guess.

3 Senator Kerry: And that aircraft number, does that
4 aircraft number tell you anything?

5 Mr. Morales: Not whatsoever, no. Not that I remember.

6 Senator Kerry: You don't have any memory of ever seeing
7 that aircraft?

8 Mr. Morales: No.

9 Senator Kerry: You never used that aircraft in drug
10 trafficking?

11 Mr. Morales: Not that I remember.

12 Senator Kerry: The next document -- what do you
13 recognize that to be? I think there are two pages to the
14 next document: the Quality Inn Airport Motel. Is that
15 correct?

16 Mr. Morales: Yes, sir.

17 Senator Kerry: Are you familiar with any meetings that
18 took place on June 26 at that hotel with, I guess -- do you
19 know who -- the two names on that are Mr. John Hull and
20 Gerardo Duran, correct?

21 Mr. Morales: I know both of them very well.

22 Senator Kerry: Who are Gerardo Duran?

23 Mr. Morales: Gerardo Duran is the gentleman in charge of
24 the training of the whole pilots for the Contras. He was the
25 one who took the place from Marcos Aguado to do the flights

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1 for me.

2 Senator Kerry: Did you have dealings with Gerardo
3 Duran?

4 Mr. Morales: Many of them.

5 Senator Kerry: What kind of dealings did you have with
6 him?

7 Mr. Morales: I train him as a pilot.

8 Senator Kerry: Did he run drugs for you?

9 Mr. Morales: Yes, he did.

10 Senator Kerry: He did?

11 Mr. Morales: Yes.

12 Senator Kerry: And guns?

13 Mr. Morales: Yes, he did.

14 Senator Kerry: And on this particular motel bill, where
15 he is listed with Mr. John Hull, did you have a meeting with
16 them at that hotel?

17 Mr. Morales: I had several meetings in that hotel -- not
18 on that particular day.

19 Senator Kerry: But not this day. You weren't there?

20 Mr. Morales: Not this day, no.

21 Senator Kerry: You would use this hotel, however.

22 Mr. Morales: With them, yes.

23 Senator Kerry: Do you recognize the signatures on the
24 second page?

25 Mr. Morales: You mean the --

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1 Senator Kerry: Either of them.

2 Have you seen those signatures before?

3 Mr. Morales: Yes, yes.

4 Senator Kerry: What are those signatures?

5 Mr. Morales: That's the signature of Gerardo Duran.

6 Senator Kerry: Do you recognize that as his signature?

7 Mr. Morales: Yes.

8 Senator Kerry: All right.

9 Thank you.

10 Now, turning to the next document, that's a Texas
11 Petroleum gas receipt?

12 Mr. Morales: Yes, it is.

13 Senator Kerry: What aircraft number does that record?

14 Mr. Morales: November 666 Papa Fox, Beechcraft.

15 Senator Kerry: That's the same Beechcraft as before?

16 Mr. Morales: That's the same one. The same number as
17 before.

18 Senator Kerry: Is that the same aircraft?

19 Mr. Morales: That I saw in my place in 1983?

20 Senator Kerry: Is that the same one?

21 Mr. Morales: The same one -- the same number.

22 Senator Kerry: And the date of this is when?

23 Mr. Morales: It's 83-6-25.

24 Senator Kerry: And the name listed on it?

25 Mr. Morales: Marcos Aguado.

1 Senator Kerry: That plane -- for the record, did you
2 state earlier whether or not that plane was used in narcotics
3 trafficking?

4 Mr. Morales: Yes, it was.

5 Senator Kerry: It was.

6 Mr. Morales: To my knowledge, though.

7 Senator Kerry: Excuse me one second.

8 [Pause]

9 Senator Kerry: The documents thus far identified will be
10 made a part of the record.

11 [The information referred to follows:]

12 COMMITTEE INSERT

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1 Senator Kerry: Notwithstanding their being part of the
2 record, we're going to hold those particular documents in
3 Committee at this point in time. They will not be released
4 until further documentation has been established regarding
5 them.

6 You had a series of meetings in Costa Rica, Mr. Morales,
7 is that correct?

8 Mr. Morales: Yes, I did, Senator.

9 Senator Kerry: In 1984?

10 Mr. Morales: Yes, I did.

11 Senator Kerry: Were those meetings also with the same
12 group of people you have described thus far?

13 Mr. Morales: Yes.

14 Senator Kerry: They were with Popo Chammoro, Marco
15 Aguado.

16 Mr. Morales: Commandante Tito.

17 Senator Kerry: Okay.

18 Who else?

19 Mr. Morales: Carol Prado, and --

20 Senator Kerry: Would you describe who Commandante Tito
21 was?

22 Mr. Morales: Commandante Tito is, he was the second one
23 in command in the field, field command, after Eden Pastora.

24 Senator Kerry: And you met with him in Costa Rica?

25 Mr. Morales: Yes, I did.

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1 Senator Kerry: What was the substance of those
2 discussions?

3 Mr. Morales: I was looking for -- can you hold on for
4 one second, please?

5 [Pause]

6 Mr. Morales: My discussions with Commandante Tito --

7 Senator Kerry: Now if I could ask you to wait for one
8 second.

9 [Pause]

10 Senator Kerry: Excuse me, Mr. Morales.

11 Please proceed.

12 Mr. Morales: My conversations with Commandante Tito
13 arrive from a series of threats to my life in 1984, and I did
14 request for them to supply with some of the best soldiers to
15 be my bodyguards.

16 Senator Kerry: Did they grant that?

17 Mr. Morales: Say that again, please?

18 Senator Kerry: Did they give you them? Did you get the
19 bodyguards?

20 Mr. Morales: No. They never arrived to Miami.

21 I did not like the way they carry themselves, and I
22 didn't think it was proper, the proper people for me at that
23 time.

24 Senator Kerry: When you were in Costa Rica, did you have
25 discussions about drug trafficking?

1 Mr. Morales: Yes, I did.

2 Senator Kerry: Who did you have those discussions with?

3 Mr. Morales: Mr. Chammoro, Mr. Octaviano, and the
4 pilots, the rest of the pilots.

5 Senator Kerry: Now let me ask you a couple of hard
6 questions, though maybe they're not hard.

7 Do you know -- I don't want you to guess, I don't want
8 you to surmise, I don't want you to sort of have an opinion
9 -- but do you know personally whether or not other narcotics
10 suppliers were also assisting the Contras?

11 Mr. Morales: Yes, I know.

12 Senator Kerry: You know that?

13 Mr. Morales: Yes, they did.

14 Senator Kerry: Were they?

15 Mr. Morales: Yes.

16 Senator Kerry: How do you know that?

17 Mr. Morales: Because I have many conversations with them
18 about the same situation. Some of my friends --

19 Senator Kerry: These are people you know to be in the
20 business?

21 Mr. Morales: Yes.

22 Senator Kerry: How much money did you personally direct
23 toward -- strike that.

24 How much -- can you estimate the amount of narcotics in
25 dollars that you shipped back as part of this scheme for

1 transfer of weapons down there?

2 Mr. Morales: How much was the money?

3 Senator Kerry: How much money in narcotics value was
4 brought back in as part of this linkage in 1984 and 1985?

5 What was the street value of the drugs that came in?

6 Mr. Morales: Many, many, many millions of dollars. Many
7 millions of dollars. Many.

8 Senator Kerry: Can you give us an estimate of the kilos
9 of cocaine?

10 Mr. Morales: In 1984, the kilos of cocaine in July were
11 going around \$32,000, \$34,000, \$35,000 a kilo. That is \$35
12 million right there, in July.

13 Senator Kerry: It's \$35 million?

14 Mr. Morales: In July.

15 Senator Kerry: In July.

16 Mr. Morales: July, yes.

17 And after those two trips, we did six more that every one
18 of them brought to the Bahamas 2,500 pounds of marijuana.
19 Six -- or eight -- I do not remember exactly -- to which the
20 pilot was, like I testified before, as a co-pilot, the rest
21 of them, he was a pilot. Those, let's put it at six trips,
22 involved 2,500 pounds of marijuana. That's 9,000 pounds of
23 marijuana.

24 Senator Kerry: What is the period of time for the 9,000
25 pounds of marijuana?

1 Mr. Morales: From July to October.

2 Senator Kerry: July to October.

3 Mr. Morales: Maybe, maybe -- not October, because right
4 in November was when I had to be ready for the water champion
5 in 1984, and it was the same time when I took --

6 Senator Kerry: Okay. You were still boat racing during
7 all of this?

8 Mr. Morales: Oh, all the time, yes.

9 Senator Kerry: All the time.

10 Mr. Morales: Yes.

11 Senator Kerry: Even after you were indicted?

12 Mr. Morales: The second time I did it at their request.

13 Senator Kerry: No, no. You were still racing your boats
14 even after you were indicted?

15 Mr. Morales: Yes, I did.

16 Senator Kerry: Up until the time you went to jail?

17 Mr. Morales: Yes, I did.

18 Senator Kerry: So, 9,000 pounds of marijuana till about
19 October.

20 Mr. Morales: At that time, it was around \$330 --

21 Senator Kerry: What's the value of the 9,000 pounds?

22 Mr. Morales: The wholesale value was \$330. Retail value
23 was around \$500, in the streets.

24 Senator Kerry: Five hundred?

25 Mr. Morales: Dollars a pound in the streets.

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1 I never went to the retail value myself. I used to give
2 the whole load to just --

3 Senator Kerry: You just wholesaled?

4 Mr. Morales: -- one person, and he would take care of
5 the whole situation?

6 Senator Kerry: And that was it?

7 Mr. Morales: Yes.

8 I sold him at around \$330 a pound. That is 9,000 pounds
9 times \$330.

10 Senator Kerry: Did the cocaine continue to come in after
11 October - November of 1985?

12 Mr. Morales: Right after my meeting with them in late
13 December of 1984, yes.

14 Senator Kerry: No. It's 1985 now.

15 When did it stop? When was the last shipment?

16 Mr. Morales: After I -- before I got arrested. The last
17 shipment was on June 8, 1986.

18 Senator Kerry: Okay.

19 Mr. Morales: No. I'm sorry. January 8, 1986.

20 Senator Kerry: January 8, 1986.

21 Mr. Morales: That was the last trip with the 421 kilos
22 of cocaine. Sorry -- 413 kilos of cocaine.

23 Senator Kerry: Where did that trip come from? Where did
24 it originate?

25 Did that take weapons down?

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1 Mr. Morales: Costa Rica. Costa Rica.

2 Senator Kerry: Did the flight come from Florida?

3 Mr. Morales: Florida.

4 Senator Kerry: Did it take weapons?

5 Mr. Morales: No weapons down.

6 Senator Kerry: Just narcotics?

7 Mr. Morales: Narcotics coming back.

8 Senator Kerry: Were the narcotics that came back, did
9 those narcotics, was that a separate pickup? Did you get
10 them through the same people in Costa Rica?

11 Mr. Morales: Every one of my deals --

12 Senator Kerry: I'm sorry. I didn't understand.

13 Mr. Morales: Excuse me. Every one of the dealings that
14 I have through Costa Rica, every one of them had to do with
15 the Contras. I never did any on my own, or somebody else. I
16 didn't need, I didn't have the need to go to Costa Rica.

17 Senator Kerry: Did anybody explain to you why the
18 Contras were turning to drugs or using drugs?

19 I mean, did you ask for an explanation, or did you care?

20 Mr. Morales: It was, yes, we had several meetings about
21 that. It was the lack of help from the United States to
22 them, in part. They were struggling for money, for
23 supplies.

24 Senator Kerry: Now I want to come back to one other
25 question.

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1 What happened to the law enforcement efforts down there
2 that you were able to just fly this stuff in and out of the
3 airports with impunity?

4 Mr. Morales: Everybody was about. We took care of
5 everybody over there, in the airport, in the ranch.

6 Senator Kerry: In Miami?

7 Mr. Morales: No, no. I'm talking about south.

8 Senator Kerry: In Costa Rica?

9 Mr. Morales: Yes.

10 Senator Kerry: What about Miami?

11 How do you just fly in and out of Miami with guns?

12 Didn't anybody ever ask about an Arms Export Control Act, or
13 say what are you doing taking weapons out, or are those
14 guns?

15 Did anybody ever walk up and say what's that shipment?

16 Mr. Morales: Never. We never had that fear, either. It
17 was never in our minds that someone, something like that will
18 happen.

19 Senator Kerry: Were there Customs at each of those
20 airports?

21 Mr. Morales: Yes, at every one of them.

22 Senator Kerry: Were there any arrangements with any of
23 the Customs officials at any of those airports?

24 Mr. Morales: No. Not to my knowledge.

25 Senator Kerry: None to your knowledge.

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1 Mr. Morales: The guns, I was told, I was told by Marcos
2 Aguado that he was the one who was going to take care of that
3 situation.

4 He told me do not worry. We have officials around the
5 plane. Those were his exact words. We have, I am going to
6 be, we have officials around the plane.

7 -Senator Kerry: Now, when the drugs flew back in, did
8 they come in in daytime or nighttime?

9 Mr. Morales: They come in in nighttime. A few of them
10 in daylight. But a few of them.

11 In the United States, they came twice at night. The rest
12 of them came daytime.

13 Senator Kerry: Now here you are. You have been indicted
14 before. You have a known reputation in the region as a
15 narcotics trafficker. You are leading a pretty flashy
16 lifestyle. You have helicopters, planes at your disposal,
17 you are racing fast boats, with a lot of money moving
18 around. And you're telling us that at this airport, with all
19 of this knowledge about you, you were still able to move
20 around without any fear?

21 Mr. Morales: I was very, very surprised myself.

22 [General laughter]

23 Mr. Morales: But, in fact, in fact that was what
24 happened, Senator. It happened that way. That is the fact.
25 And not only one time. Many times. Many times.

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1 I remember one time, as a matter of fact, when the agents
2 asked one of the mechanics who used to work in my plane like
3 this, did Morales airplane left already? That's exactly what
4 he told me. I don't know if it does. You can tell if it's
5 true or not, but I remember that particular time.

6 Senator Kerry: What were the circumstances of your
7 finally being arrested in June of 1986?

8 Mr. Morales: How that happened?

9 Senator Kerry: [Nods affirmatively]

10 Mr. Morales: They just went to my house and arrest me in
11 my house. There was a helicopter.

12 [Pause]

13 Mr. Morales: That was June -- the last shipment, coke.

14 Senator Kerry: The last shipment?

15 Mr. Morales: It's 413 kilos of cocaine from south,
16 sorry, from Costa Rica to the Bahamas.

17 Senator Kerry: Why didn't you get away with that one,
18 since you had done it with such impunity up until then?

19 Mr. Morales: At that time, Mr. Gerardo Duran and the
20 other pilot were busy doing some other activities in Costa
21 Rica. Therefore, they asked me to look for a pilot, which I
22 did.

23 I talked to my accountant and I told him to find a pilot.
24 We did and we failed.

25 That was the DEA informer, the DEA guy.

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1 Senator Kerry: So you found a DEA informer as a pilot?

2 Mr. Morales: Yes. He was the one who flew the plane
3 back to the Bahamas, and he was the one who told the BIA, I
4 mean, the Customs, citations, planes, helicopters, the
5 Bahamas, and operation BAT -- B-A-T -- about the plane that
6 was coming from Costa Rica to the Bahamas.

7 Senator Kerry: Okay.

8 I'm going to let counsel proceed here with a few
9 questions while I just review some things here to make sure I
10 have covered all my areas. Then we will see where we go.

11 Mr. Blum: Mr. Morales, I'd like to return to a flight
12 that was made in December, as I understand it, of 1984. You
13 met in Costa Rica at a hotel, is that correct?

14 Mr. Morales: The flight took off from Costa Rica on
15 December 26 or 27.

16 Mr. Blum: Where did that flight leave from?

17 Mr. Morales: It took from Tamarindo Airport.

18 Mr. Blum: And where did that flight go to?

19 Mr. Morales: It was going to go to Great Harbor. But
20 the flight never occurred, never went through. The pilot was
21 flying at that time. He flew over Nicaragua, and had some
22 problems with the air force of Nicaragua, and had to come
23 back to this particular airport and unload the drugs.

24 Senator Kerry: Mr. Morales, what I'm going to do is
25 recess for about 45 minutes now, to give you a chance to have

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1 a break and get a little lunch.

2 Mr. Morales: Can I mention --

3 Senator Kerry: Let me just say that we're going to come
4 back at 2:00 into some period of continued open session
5 before going into executive session.

6 There is some information about how you got frequencies,
7 how you knew what the Coast Guard was doing, and other things
8 that I want to pursue with you, as well as a couple of other
9 areas.

10 Mr. Yavitz: We'd like to correct the record.

11 Senator Kerry: So if I could ask people to remain seated
12 while the marshalls escort the witness out, then we will be
13 back here at 2:00 o'clock in open session.

14 Mr. Yavitz: Excuse me one moment.

15 Senator Kerry: Yes?

16 Mr. Yavitz: The flight that he was talking about was
17 December, 1985, rather than 1984.

18 Mr. Blum: We'll straighten that out when we get back
19 after lunch.

20 Senator Kerry: Right. I understand that.

21 We stand recessed until 2:00 o'clock.

22 [Whereupon, at 1:15 p.m., the Committee recessed.]

23

24

25