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Mysterious scheme lands 8 Americans in Brazilian jail

By Pete Carey

Mercury News Staff Writer

In a bizarre tale of international intrigue that reads like a lost chapter from *The Dogs of War*, the plight of eight Americans sentenced last week to at least four years in a Brazilian prison has been explained variously as a CIA operation, an attempted coup, a plan to arm Brazilian insurgents and an effort to establish Mafia-run gambling resorts on the coast of Africa.

It may be some of those things; it may be none. Amid a storm of rumors, suspicions, accusations, charges and counter-charges, one of the few certainties about the "Nobistor affair" is that many of those involved say the others are liars.

During the past two weeks, several sources familiar with the case have described a plot strikingly similar to Frederick Forsyth's novel, in which a group of European mercenaries buy a ship, load it with weapons and steam for Africa, where they overthrow a government. The sources' account, which cannot be verified conclusively, contrasts sharply with accounts provided by the imprisoned men, their lawyer and

even the Brazilian prosecutors.

Whether the plot is fact or fiction, the target the sources described is real: Ghana's Marxist ruler, Flight Lt. Jerry Rawlings.

The results of the plot are equally real: The eight Americans were convicted Thursday of violating Brazilian contraband laws; U.S. federal agents have opened an investigation; the governments of Ghana, Brazil, Argentina and the United States want answers; and six tons of military supplies and weapons are lying unexplained in the hold of an oceangoing tugboat, the *Nobistor*, in Rio de Janeiro's Guanabara Bay.

Through their lawyer and family members in this country, the imprisoned Americans have maintained that they were acting merely as security guards, hired to safeguard a \$200,000 shipment of weapons bound by sea from Argentina to Africa. But the sources say the men were hired to overthrow Rawlings and install in his place Godfrey Osei, a Ghanaian dissident who escaped from prison in 1983 and who has lived in the United States since then.

Two California participants

Among the eight are a 38-year-old San Francisco State University graduate student named Timothy M. Carmody and a 30-year-old Santa Rosa man named Frederick T. Verduin.

The others are self-described "soldier of fortune" John Dee Early; Robert E. Foti of New York City; Sheldon W. Ainsworth of Omaha, Neb.; Julio Rodriguez-Larrazabal and Steven Villa Sosa, both of Fayetteville, N.C.; and Steven W. Hedrick. Early, who described himself as the leader, was sen-

tenced Thursday to five years in prison, the other men to four years.

The arms deal first came to light in March when a seagoing tugboat, the *Nobistor*, dropped anchor at a small port 20 miles east of Rio de Janeiro. Federal police searched the boat and found six tons of 70 FAL rifles, submachine guns, hand grenades, revolvers and ammunition.

After their arrest, the men said they had been hired by Osei and a shadowy Texas commodities broker named Ted Bishop to ferry the shipload of weapons from Buenos Aires, Argentina, to Ghana, ostensibly for the Ghanaian defense ministry.

Coup plot alleged

Bishop, the men said, could confirm the whole story, but they were unable to find him.

However, Bishop — interviewed last week by telephone from his home in Texas — told a very different tale. He said that the Americans had been hired to assist Osei in overthrowing Rawlings' government and that he had warned them against participating as soon as he had found out. After the coup, Bishop said, the eight Americans were to be paid bonuses from Ghana's national treasury and from its diamond and gold mines.

Bishop's story couldn't be verified conclusively, and an associate of Osei's denied that bonuses were to be paid as Bishop described. But other parts of the tale have been confirmed by other sources.

From the moment of their arrest in Rio de Janeiro last March on charges of weapons smuggling, the jailed Americans themselves, while bitterly blaming Bishop for their plight, have insisted that only he could provide the true story behind their abortive operation.

Osei as new ruler

Bishop and others interviewed during the past two weeks said the plotters were to have installed Osei as the new ruler of Ghana. Osei escaped from a Ghanaian prison after being convicted of participating in a 1983 attempt to topple the Rawlings government.

Bishop, 46, and other sources quoted Osei as saying the weapons were purchased with \$500,000 to \$750,000 borrowed from New York City organized crime figures. Osei said the gambling figures had been promised permission to build a gaming resort on Ghana's coast. Bishop and another source, who asked not to be identified, said Osei had three suitcases filled with cash to finance the deal.

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"Godfrey told me he got it from the Mafia, and he was having to pay it back at 300 percent rates," Bishop said.

Osei, interviewed briefly by telephone, denied Bishop's allegation that gambling interests had financed the purchase of the weapons. "This is ridiculous," Osei said. "Ask him how did he get to know me."

CIA agent?

Bishop had said earlier that he met Osei while working on a commodities deal with Osei's Hudson, N.Y., roommate: "That is a big lie. He, Ted, calls himself a CIA agent. Right? (Ask him) how he got to know me. He knows. He knows."

Osei declined to comment further, offering neither any explanation for his involvement in the case nor any denial that he had been plotting the overthrow of the Ghanaian government.

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— Ted Bishop, Texas commodities broker

naian government.

"The situation is a little dicey, you know," Osei said. "Maybe anything that I say would jeopardize my plans. So, in the future maybe I can give you my story."

Bishop denied ever having worked for the Central Intelligence Agency. The CIA has declined to confirm or deny any involvement in the affair.

Bishop said he arranged through a Buenos Aires broker for Osei to buy the weapons from Argentina's *Fabricaciones Militares*, the government arms factory, after Osei asked him for help. Osei, he said, promised to pay him for his help by granting him the marketing rights to part of Ghana's coffee and cocoa crops.

Direct buy from producers

"We was going to pay fair market price for it but buy it directly from producers up in the hills and market it on the world market," Bishop said.

When they were hired by Osei in February, the Americans all believed they were to provide security for a legitimate arms deal, according to various sources. The men — there were nine at that point — assembled in Miami, were flown to Panama and then on to Buenos Aires, where they met Bishop and Osei.

"It was all first class," said one man who later backed out of the deal. "We stayed in nice hotels, the food was good."

Once in Buenos Aires, Bishop said, they waited for Osei to buy the weapons and lease a ship.

"Godfrey was taking them out to dinner, paying their booze bills," Bishop said. "Godfrey's head swelled up three sizes when he got his private army. They used to go out to dinner two by two, all strung out down the main street of Buenos Aires, with Godfrey at the head wearing his khakis with shoulder straps. In his own mind, he had already become a dictator general."

'OK with your government'

At that point, the sources said, all of the men had been led by Osei to believe that the operation was sanctioned in some way by the U.S. government.

"He was saying, 'It's OK with your government, there's not going to be any jeopardy,'" said one source, who claims to have helped devise Osei's plans for assaulting Rawlings' stronghold.

In Buenos Aires — or aboard the Nobistor, depending on who tells the story — Osei revealed the full scope of his plan to the Americans. It called for attacking the government compound in Accra, freeing and arming prisoners in a nearby jail, overthrowing Rawlings and attacking a Libyan base 40 miles from Accra.

Then, according to Bishop, who said he learned of Osei's plans in Buenos Aires, they were to eliminate several of Osei's enemies. If they went through with the coup, in addition to \$4,000 to \$10,000 each for ferrying the weapons to Ghana, Bishop said, they were to be paid in cash from Ghana's national treasury and diamonds and gold from its mines.

'This is the first I heard'

"When they got down there, Godfrey told them about it," said Bishop. "I heard it from John Early. He asked me about it, and I said, 'This is the first I heard about it, John. I don't even know what you guys are doing down here.'"

Bishop said another of the Americans asked him whether he worked for the CIA and whether the agency had given its tacit "sanction" to the operation. "He said, 'I thought you were the one recruiting, and you are CIA.' I said, 'You better get out of this deal. This is a bad deal.'"

"I told all of them right there in the lobby of the Republica Hotel in Buenos Aires. I said, 'You better get out. I'm going home.'"

Eight of the Americans ignored Bishop's advice, he said. Leaving behind a Tampa, Fla., private investigator named Scott Caldwell, they set forth on the Nobistor. At sea, they received an urgent ship-to-shore message from Caldwell in Tampa. He warned the Americans that he had learned the arms deal wasn't sanctioned by the U.S. government.

Says Bishop hadn't told them

"Bishop did not tell those men it was illegal, absolutely not," Caldwell said in a recent interview. "I still to this day have not figured out why anybody would hire that guy to do anything."

The Americans contend that they then forced the crew of the weapons-laden Nobistor to change its destination — from Ghana to

South America. They were arrested March 14 in Itaipu, a small port 20 miles east of Rio. Federal police impounded the ship and confiscated the weapons. The trial began several weeks ago and ended with the guilty verdict Thursday.

In the U.S., federal agents were drawn into the case last month when Caldwell and three other men confronted Bishop at the apartment complex he owns and manages in Farmersville, Texas, a town of 2,700 near Dallas.

In an angry exchange, the men argued about Bishop's role in the weapons shipment, believing that he knew more about the deal than he was telling. Some of the men say Bishop has worked for the CIA in the past, an allegation Bishop denies.

Bishop eventually pulled a gun on Caldwell and ordered the men out of his apartment, according to Farmersville police. No charges were filed, but Farmersville Police Chief John Davidson said he turned the matter over to the U.S. Treasury's Bureau of Alcohol, Tobacco and Firearms.

Although it is not clear whether the ATF has jurisdiction over the legal issues in the case, a spokesman for the agency's Dallas bureau said it has opened an investigation. Ordinarily, said a Dallas ATF agent who asked not to be identified, the ATF wouldn't look into a brawl in a small farming town.

"When we got involved, we found international gun runners," the agent said. "That's how we got involved." He said the agency's inquiry has only "scraped the surface" of the complicated deal.

Assault plan

Another source, who asked not to be identified, said he and two other men whom he wouldn't identify developed Osei's assault plan for the palace in Accra last October but then backed out of the operation, sensing that Osei didn't have enough money to make it work. Family members of one of the eight Americans said the man is knowledgeable about the operation.

The source said he was in Osei's apartment in the sprawling Le Frak complex in Queens, New York, when several Asian men arrived with three suitcases containing a large amount of cash. He said Osei later told him that the "Chinese Mafia" was financing the coup.

"What Osei wanted to do was overthrow Jerry Rawlings and put himself in power," the source said. "I started on this in October of 1985."

Battle plan drawings

Osei, he said, provided "blurred" aerial photographs of the government compound, from which drawings were made for the battle plan. The original plan called for a force of about 300 to 400 men and an expenditure of \$3.5 million, the source said.

The combatants were to include 100 Europeans. Two commando assault groups were to hit the palace and government buildings while a headquarters group handled logistics.

The boat would meet with another ship off the Ivory Coast and then proceed to Ghana, where the men would go ashore and attack the capital. The source said he became suspicious when it was clear there would be no advance payment.

No money up front

"Godfrey didn't want to pay anybody up front," the source said. "His thing was, when you hit the beach and assault the palace, you'll be free to go to the national treasury, the gold mines. (He said,) 'I will provide you with transportation.' I said, 'The hell with that.' No professional would get onto that. There's no guarantee he wouldn't put us up against a wall. Everybody else was saying, you got to take a chance. . . . This is when I backed out."

A few weeks later, the source said, he learned that eight Americans were in jail in Rio. "It confirmed my worst fears," he said.

Both Caldwell and Steven Elswick, a 33-year-old ex-Marine who lives in Lexington, Ky., and who recruited Carmody, the San Franciscan, say they are convinced that the men thought they had been recruited for a routine security job.

"I'm convinced they were pigeons," said Elswick. "They were in the wrong place at the wrong time."

Mimi Whitefield of the Knight-Ridder News Service contributed to this article.