

ARTICLE APPEARED
ON PAGE A1WASHINGTON POST
7 December 1986

Shoestring Operation Was Contra Lifeline

Men Who Resupplied Rebels Worked With Big Risks, Little Information

By Joe Pichrallo and Julia Preston
Washington Post Staff Writers

When organizers of a clandestine air operation that supplied weapons to the Nicaraguan contras needed pilots and other crew members, they turned to a network of former U.S. military and intelligence officials that grew out of shared experiences in the Vietnam war.

When they needed an air support system to keep the planes running, they turned to a company once owned by the Central Intelligence Agency and now run by a lawyer who has been associated with the firm since its CIA days.

When they needed men experienced in covert operations to handle arrangements in El Salvador and Costa Rica, they tapped into the close-knit circle of Cuban exiles who worked for the CIA as far back as the 1961 Bay of Pigs invasion.

And in their bid to keep weapons flowing to the Nicaraguan rebels after Congress banned official U.S. aid, the chronically underfinanced group sometimes asked U.S. officials to intercede with the governments of El Salvador and Costa Rica, according to officials in the region and internal records from the secret flights.

Newly acquired documents, obtained independently by The Washington Post outside of Nicaragua, provide a richly detailed portrait of how 25 men from all over the United States were recruited in late 1985 and the first six months of 1986, were taken to the Ilopango military base in El Salvador and slowly put together a fleet of five deteriorating airplanes to make flights to "DZs"—drop zones—in and around Nicaragua.

This unlikely crew achieved one of the Reagan administration's central policy goals: It provided sustained logistical and weapons support to the contras during part of the two-year period when Congress either totally banned or sharply restricted U.S. government assistance for their military efforts.

Throughout the eight-month life of the operation, crew members—mostly former U.S. military or CIA men accustomed to the need for secrecy and ambiguity in covert operations—never

learned key details of the operation: How the weapons were purchased, where the funds came from and who controlled the operation. Neither the sources who provided information for this article nor the documents identify the names of the ultimate sponsors of the operation.

But some crew members—including Eugene Hasenfus, the sole survivor of a C123K cargo plane shot down Oct. 5 in an incident that exposed the resupply operation to public view—had little doubt from their vantage point that the U.S. government was secretly running it.

They also were well aware of the stakes, the documents show. A flight survival guide prepared for the crew members said: "An emergency landing in Nicaragua may well lead to capture, embarrassment for the U.S. government, even execution of the crew."

Some were in it out of nostalgia for days of danger and camaraderie in earlier wars. Some—but by no means

all—saw Central America as the new front in a worldwide crusade against communism. Others had surprisingly commonplace goals like saving money for peaceful retirement with families used to the airmen's long absences from home.

The chief U.S. military adviser in El Salvador, Army Col. James Steele, kept in regular contact with leaders of the resupply operation. The operation's telephone records show several calls to the White House phone of Lt. Col. Oliver L. North, the National Security Council official fired for his role in the diversion of funds from secret Iranian arms sales to the contras.

Whatever happened to the \$10 million to \$30 million that U.S. officials say was diverted to the contras, the bulk of it was not funneled to the shoestring resupply operation at Ilopango. According to the documents, some crew members complained constantly of late paychecks, missing navigational equipment and poorly maintained planes. At one point, in August, crew members were told that the operation might have to shut down for lack of funds, the documents show.

Although the operation survived, it remained short of cash, in part perhaps because those running it

did not want to attract attention by leaving the United States with large sums that would have to be declared at U.S. Customs. According to the documents, crew members who traveled to the United States on leave or on business were often asked to pick up \$10,000—the legal limit allowed without declaration—at Southern Air Transport Inc., the former CIA company that was hired to maintain the planes and allowed its offices to be used as a U.S. hub for the operation.

One of the retired Air Force officers involved in running the operation warned crew members to be discreet about how they exchanged the money once they returned to El Salvador, according to one message dated Sept. 19. "We don't want to get SAT [Southern Air Transport] or ourselves burned with a leak or get money hung up where we would have to expose the op to get it back."

The documents do not reveal who supplied Southern Air with the money, but one crew member said he believed that Southern Air was not involved other than as a place to pick up the cash. Crew members were paid through wire transfers to their U.S. banks from a Pennsylvania company, Corporate Air Services Inc., apparently acting as a conduit for the true source of the funds. Records show that Corporate Air's president is Edward de Garay, who has not made any statements. Some crew members were told that the money for the operation came from "foreign sources," according to one participant.

Attorney General Edwin Meese III has said that profits from secret arms sales to Iran were diverted through one or more Swiss bank accounts to help the contras. Investigators are now looking into the possibility that this is the money that financed the contra resupply operation.

Contra leaders have said they did not receive the Iranian arms sales money. They also have said that while the air resupply operation ferried arms to rebel troops inside Nicaragua, it was a separate organization not run by any contra group.

The decision to hire a former CIA company such as Southern Air fits into a pattern that emerges from close examination of the resupply operation. At its heart are three former U.S. Air Force offi-

cers, Richard V. Secord, a retired major general; retired lieutenant colonel Richard B. Gadd and Robert C. Dutton, a retired colonel. All three worked at various times in special operations at the Pentagon—the covert arm of the military.

Secord, who ran the covert air war in Laos in the late 1960s and headed the U.S. Air Force mission in Iran from 1975 to 1978, has been identified as a participant in secret arms sales to Iran. Before leaving government service in 1983, he worked closely with North.

Participants in the contra resupply effort made phone calls to Secord's home and firm from San Salvador, according to telephone records, but Secord was quoted as saying he never talked to anyone in the operation. He has said he occasionally gave advice to the contras on "how they ought to design their efforts But I'm not running the contra air force." In another interview, though, he said he sold the contras a short takeoff plane owned by a company he heads.

Some crew members believe, however, that Secord is the key man in the resupply operation and note that Dutton—an employee in a Secord company—began managing the operation in April or May.

The documents clearly show Dutton's role; he was sent coded messages detailing air drops, financial needs and maintenance problems. Immediately after the cargo plane was shot down Oct. 5, killing three crew members and leading to Hasenfus' capture by the Sandinistas, Dutton was alerted.

For several days, Dutton was in frequent communication, apparently from the Northern Virginia office building that houses Secord's firm, Stanford Technology Trading Group International Inc. For example, the day after the downing of the plane, he sent a message in mid-afternoon that began: "Have passed your info and will see what other means of searching may be available." About the time the message was sent, the Sandinista government announced Hasenfus' capture.

Before Dutton was involved, two crew members said, many of his duties were performed by Gadd, who owns several companies located in the building that once housed Secord's firm. Gadd and Secord know each other, according to sources. Gadd's role appears to have begun last January; after Dutton took over, Gadd's role diminished, although the documents show references to him through July. Dutton and Gadd appear to

have worked in the same Pentagon office in 1980-81, according to a Pentagon phone directory.

During part of the time that Gadd worked with the operation as it supplied weapons to the contras, a firm he headed received more than \$100,000 in State Department contracts to ferry nonlethal aid to Central America under the \$27 million humanitarian aid program approved by Congress in August 1985.

The company, AIRMACH Inc., does not own any registered airplanes, according to a Federal Aviation Administration spokeswoman. To deliver the nonlethal aid, Gadd hired Southern Air Transport, according to Mario Calero, a contra official. Southern Air, like Gadd, was working with the weapons resupply network. Its chairman is James Bastian, an attorney associated with Southern Air and a similar firm, Air America, since the days both were proprietaries of the CIA.

In Central America, according to the internal documents, the key managers included William J. Cooper, a former chief pilot for the CIA-owned firm Air America who died in the Oct. 5 shoot down, and two Cuban-Americans—Rafael Quintero, a Bay of Pigs veteran who continued working for the CIA into the 1970s, and a man who went by the name of Ramon Medina.

Medina is thought to be Luis Posada Carriles, another Bay of Pigs participant who worked for the CIA from 1961 to 1967. The Sandinistas identified Medina as Posada and the resupply operation's telephone records show several calls to the home of Posada's wife in Miami.

Until just a few months before the resupply operation started up, Posada was in a Venezuelan jail on charges stemming from the 1976 bombing of a Cuban airliner that killed 73 people. He escaped in August 1985.

The documents indicate that Ramon Medina played a key financial role. It was Medina who handled the group's expenses, including \$1,800 in monthly rent for crew members' living quarters in houses in San Salvador, the capital of El Salvador. The documents show that Medina received large sums of cash to pay the expenses—sometimes as much as \$12,000.

Medina's role was disclosed by Hasenfus after his capture. He said that Medina and another Cuban American, Max Gomez, coordinated flights out of Ilopango. Gomez is an alias for Felix I. Rodriguez, another CIA and Bay of Pigs veteran who was the operation's chief contact

with Salvadoran Air Force officials responsible for the Ilopango base.

"If we needed gas on credit, we'd get it if he [Rodriguez] signed for it because he was trusted, particularly by the [Salvadoran] air force," said one crew member.

Rodriguez's good relationship with the Salvadoran military developed after he was recommended to them by Donald P. Gregg, a former CIA officer who is national security adviser to Vice President Bush. Gregg worked with Rodriguez in Southeast Asia during the Vietnam war and, according to Bush aides, Gregg recommended Rodriguez to the Salvadorans as a counterinsurgency expert.

Bush has acknowledged meeting Rodriguez through Gregg twice in Washington and later ran into him at a reception in Miami. The second Washington meeting and the Miami reception occurred last May when the resupply operation was well underway, but Bush said they confined discussions to El Salvador and did not discuss contra activity.

Quintero frequently went to Costa Rica to obtain information on where supplies should be dropped to contra forces inside southern Nicaragua, according to the documents and a crew member. He relayed coordinates, usually to Rodriguez or Medina, who in turn reported them to crew members scheduled to make the trip.

Rodriguez served mainly as a liaison with the Salvadoran air force and was not formally a member of the operation.

At one point, after the plane was shot down in Nicaragua, the documents indicate that Dutton believed Rodriguez was exaggerating his ties to the operation. In a message dated Oct. 6, the day after the plane went down, Dutton said: "Advise Ramon [Medina] that [Rodriguez] is not part of this organization. He is passing incorrect information directly to high-ranking officials, wrong names of crew members . . . and [Rodriguez] appears to be using info provided him to make himself look like central figure. Please stop all further info to anyone other than Ralph [Quintero] or me, or [Col.] Steele. Thanx Bob."

The documents contain no information about who the "high ranking officials" were.

Dutton was kept apprised of the schedule and often sent back suggestions. A Sept. 19 message said, "Be sure we are getting the right materials to troops. I understand DZ 3 needs AK-47," a reference to rifles made in the Soviet bloc. "Let me know how we do today."

The operation's fleet of five aircraft consisted of two small cargo planes (DHC-4A Caribous) that could go 600 to 700 miles without refueling and carry 4,000- to 5,000-pound loads, a smaller Maule plane used for takeoffs on short airstrips, and two large C123K cargo planes that could go 1,000 miles and carry up to 10,000 pounds.

The Caribous and the Maule were the first planes bought. In March, the first C123K was purchased with a check drawn on an account listed as Southern Air's, according to one source familiar with the transaction. The second C123K was purchased in July in a transaction handled by Cooper.

The aircraft were taken frequently to Miami so that Southern Air maintenance crews could do major repairs, including replacing an engine in one of the C123K planes in August. Crew members also complained about the lack of survival equipment such as parachutes, compasses and other gear that would allow them to live in the jungle if downed.

Concerned about the operation's continuing problems, several crew members turned to Col. Steele, who as the top U.S. military adviser in El Salvador was asked by the U.S. ambassador there, Edwin Corr, to "keep track" of the operation, according to a knowledgeable source outside the resupply operation.

The source said Steele was careful not to become actively involved in the running of the operation. But crew members said they thought Steele had influence in the operation, and they consulted with him, according to references in the documents.

In August, as Congress had given tentative approval to lifting the ban against military assistance to the contras as part of a new \$100 million aid package to the contras, the operation found itself in a serious money pinch that threatened to shut it down for good, according to the documents.

On Aug. 8, Rodriguez and Medina met with the crew members to discuss the operation's fate. According to one account of Rodriguez's remarks, he praised the group: "It was very brave for you to get into these old airplanes. Not many people would be so brave and do what you did." He asked them to try to ride out the financial problems, perhaps work for free for a few weeks until more money could be found, pointing out that the resupply was crucial until the \$100 million could start flowing.

"As you know," he was quoted as saying, "with the release of the \$100 million there will be some changes. Maybe a new organization. I hope they will let you continue because it will take at least a month, even if they have all the money."

New funds were found, and flights into Nicaragua resumed at an even greater pace. Flight logs show 19 flights between Aug. 25 and Oct. 5.

The last flight left from Ilopango at 9:50 a.m. with a load of 70 AKAMs rifles, 100,000 rounds of ammunitions, seven RPGs grenade launchers, bound for a drop into southern Nicaragua. Cooper was flying the plane, with a crew made up of Hasenfus, an unidentified Nicaraguan and Wallace B. Sawyer, a former Southern Air pilot.

At 9 p.m.—5½ hours after the plane was scheduled to return—a coded message was sent to Dutton in the United States.

"Bob, here is what we know so far," it said. "The route was the same as usual, down the coast, inbound at the Plantation [code name for a Costa Rican airfield used by the operation]. The only thing different was the point of border crossing. The coordinates are approx. N11.00 W84.30. Intended DZ was 11.27N 84.32W.

"ETA Ilopango was 1530 local. No show and no word."

Continued

THE ADMINISTRATION'S SECRET ARMS DEAL: THE DETAILS EMERGE

In the nearly five weeks since it was first disclosed that the United States had secretly shipped arms to Iran, the scandal has become the most serious crisis of the Reagan presidency.

The Washington Post has reconstructed here, to the extent that information is known, a chronology of the secret sale and the subsequent disclosure that profits were funneled to aid the Nicaraguan contras.

1985

May 1985

The Central Intelligence Agency proposes in a secret document routed through the National Security Council that the U.S. government consider easing its worldwide arms embargo against Iran and encourage some allies to sell military equipment to Tehran. Defense Secretary Caspar W. Weinberger later writes on the proposal, "This is absurd." The CIA reportedly is desperate to find ways to free William Buckley, its Beirut station chief, kidnapped by pro-Iranian extremists in Lebanon March 16, 1984.

June 14

TWA Flight 847 hijacked to Beirut. White House comes to realize that Iran is key player in hostage release.

July 8

In speech before American Bar Association, President Reagan says Iran is part of "confederation of terrorist states . . . a new, international version of Murder Incorporated."

July-August

Secret U.S.-Iranian contacts initiated through Israelis. National security adviser Robert C. McFarlane meets in Washington with Israeli foreign ministry official David Kimche, who proposes that Israel send U.S.-made arms to Iran to encourage Tehran's help in freeing U.S. hostages held in Lebanon.

August-September

First two plane-loads of Israeli-arranged arms to Iran. The shipments are brokered by Israeli arms merchants Al Schwimmer and Yaacov Nimrodi, close friends of then-Israeli Prime Minister Shimon Peres. Also involved as a middleman in the 1985 shipments is Iranian businessman Manucher Ghorbanifar. Reagan tells Israel through McFarlane that he will approve sales and replace Israeli stocks.

Sept. 14

The Rev. Benjamin Weir, a hostage, is released. White House delays announcement until Sept. 18, hoping other hostages will be freed.

November

Shipment of missiles to Iran from Israel. The arms are delivered on a plane facilitated by CIA officials at the urging of Lt. Col. Oliver L. North, an NSC staff member. It is not yet clear whether Director William J. Casey authorized the activity. McMahon, says there will be no more such authorizations without formal presidential approval. The shipment of missiles was eventually returned because Israeli middlemen had substituted obsolete materiel. The White House subsequently stopped using Israeli middlemen.

Dec. 4

Reagan announces resignation of McFarlane and names Vice Adm. John M. Poindexter as his successor.

Dec. 6

First known full-scale White House discussion of contacts with Iran and arms shipments, called at the insistence of the State Department which wanted to register its objection to the arms transfers.

Dec. 8

McFarlane meets in London with Kimche and Ghorbanifar and says Washington no longer needs their services as arms brokers.

Winter

Increased pressure on administration from hostage families.

1986

Jan. 7, 1986

White House policy review of Iranian role in hostage situation. Secretary of State George P. Shultz and Defense Secretary Weinberger oppose sending arms to Iran to make contacts and help gain release of hostages.

Jan. 17

White House says Reagan signs secret document, called a "finding," authorizing arms shipments to Iran. The president directs Casey in writing not to tell members of congressional committees that have oversight responsibility for intelligence activities.



WILLIAM J. CASEY

February

First shipment of weapons directly from U.S. military stocks to Iran. Pentagon transfers 500 TOW antitank missiles to CIA, which flies them to Israel. They are then flown to Tehran. Although no direct link has been established to the TOW transfers, at this time two Boeing 707s operated by Southern Air Transport Inc. carried 45 tons of cargo each from an Air Force base in Texas to Tel Aviv. Proceeds from the sale are deposited in a Swiss bank account established by the CIA.

Spring

In Central America, a secret air resupply operation begins to funnel guns and other supplies to the contras. Crews for the operation consist largely of former CIA employees; eventually, the network's payroll and logistics are handled largely by Robert C. Dutton, a retired Air Force colonel. Dutton works for Stanford

Technology International Trading Group Inc., a Northern Virginia-based company partly owned by retired major general Richard V. Secord, who is a friend of North's and is linked to the Iran arms trade. Contra leaders later suggest that this resupply operation is financed with profits from the Iran sales.

May

Two Southern Air 707s, again each carrying 45 tons of unknown cargo, make deliveries from Air Force base in Texas to Tel Aviv.

May 28

On a plane carrying spare parts for Hawk antiair missile batteries, McFarlane, North and Amiran Nir, counterterrorism adviser to Israeli Prime Minister Shimon Peres, secretly visits Tehran via Israel. McFarlane has been told to expect that all hostages will be released before he lands. After several days of waiting in the Hilton hotel, and fruitless talks with Iranians, McFarlane leaves Iran. During the same week, North has arranged to have \$2 million in cash from Texas billionaire H. Ross Perot flown to Cyprus in a futile attempt to ransom the hostages.

July 26

The Rev. Lawrence Jenco is released. White House again disappointed that additional hostages are not freed. At about the same time, the third U.S. arms shipments via Israel to Iran.

September

Frank Reed abducted in West Beirut Sept. 9. Joseph James Cicippio abducted in West Beirut Sept. 12. State Department specialists later identify their abductors as an extremist group with ties to a political faction in Iran.

October 26-27

Fourth U.S.-arms shipment via Israel to Iran.

Oct. 5

C123K cargo aircraft ferrying guns and other arms to the contras is shot down over Nicaragua. Three crewmen are killed and a fourth, Eugene Hasenfus, is captured and eventually tried on terrorism charges in Managua.

Oct. 21

Edward Austin Tracy, last seen in a sidewalk cafe in Moslem West Beirut, is abducted, according to Revolutionary Justice Organization, a group with pro-Iranian connections.

Nov. 2

Hostage David P. Jacobsen released. U.S. again expects second and perhaps third hostage releases.

Nov. 3

Pro-Syrian Lebanese magazine Al Shiraa discloses that McFarlane had undertaken a secret mission to Iran.

Nov. 4

Ali Akbar Hashemi Rafsanjani, speaker of Iranian Parliament, confirms McFarlane's visit.

Nov. 13

Reagan defends administration's actions in televised speech, says "we did not, repeat did not, trade weapons or anything else for hostages, nor will we."

Continued

Nov. 19

Reagan, in news conference, says "the responsibility for the decision and the operation is mine and mine alone." He asserts that no third country has been involved in the arms deal, but 20 minutes after the news conference the White House acknowledges that that is inaccurate.

Nov. 20

Attorney General Edwin Meese III reviews testimony prepared of key administration officials who have been summoned to Congress to explain the arms shipments to Iran. Meese says subsequently he found troubling gaps.

Nov. 21

Casey tells Congress in the morning that Iran bought 2,000 TOW missiles and paid more than \$12 million into Swiss bank account for American weapons. Casey says he did not know who had arranged the transaction or where the money was transferred. Meese meets with Reagan and other senior aides at 11.30 a.m. The president approves an investigation of the operation.

Nov. 22

Meese and other Justice Department officials find evidence in NSC documents that money from the Iran sales was transferred to aid the contras. North interviewed at length.

Nov. 25

Reagan announces at noon that his national security adviser, Vice Adm. John M. Poindexter, has requested reassignment, and that North has been fired from the NSC staff. Meese announces that \$10 million to \$30 million of Iran's payments for U.S. arms were diverted to Swiss bank accounts financing the contras.

Nov. 26

Justice Department launches the FBI into a full-scale criminal investigation of Iran weapons shipments. Reagan announces the appointment of former senator John G. Tower (R-Tex.), former secretary of state and senator Edmund S. Muskie (D-Maine) and former national security adviser Brent Scowcroft to serve as members of special review board to study the future role of the National Security Council.

Nov. 27

North denied entry to his White House office.

Dec. 1

North invokes Fifth Amendment right against self-incrimination and refuses to testify before a Senate committee about arms shipments to Iran and diversion of profits to aid the contras.

Dec. 2

In televised statement Reagan says he has urged Meese to apply for the appointment of an independent counsel, and announces Frank C. Carlucci will be his new national security adviser.

Dec. 3

Poindexter invokes Fifth Amendment before the Senate committee.

Dec. 4

House and Senate leaders agree to form separate Watergate-style select committees to investigate the scandal, with work expected to begin in January.