

'Shadow' operations to be examined

Former military, intelligence agents
turning up in Iran-contra probe

By Ben Bradlee Jr.
Globe Staff

As the Iran arms-contra scandal continues to unfold, at least

some congressional committees will closely examine the so-called "shadow network" of former military and intelligence operatives who were instrumental in aiding the contras and selling arms to Iran, as well as probe allegations that the contra supply effort was sustained by profits from drug trafficking.

To many observers, one of the most alarming aspects are the ties between two of the affair's central figures, a retired Air Force major general, Richard V. Secord, and an Iranian business partner, Albert Hakim, to former military intelligence operatives called "cowboys" by some Capitol Hill sources.

These figures are personified by Edwin Wilson, the renegade former CIA agent who is now serving a lengthy federal prison term for having shipped weaponry to Libya's Moammar Khadafy in the 1970s.

According to congressional and private sources, news reports and court documents, since the mid-1970s, Wilson and other former CIA agents including Theodore Shackley, Thomas Clines and Ralph Quintero, associated with one another and Secord and Hakim through a web of interlocking corporations that have reportedly played key roles in both the contra supply effort and Iranian arms sales.

And even before corporate relations were forged, most of these former operatives had worked closely with one another, their activities going back to the early 1960s in intelligence operations around the anti-Castro movement in Florida, and later, in Southeast Asia and Iran.

Some analysts, including Peter Dale Scott, a professor at the University of California at Berkeley, said freelancing by Wilson and the others is rooted in the CIA's purges of hundreds of covert operatives in the mid-1970s.

Scott noted that these men were on good terms with foreign CIA contacts, and after the mass firings, were forced to seek employment through those contacts. And as clandestine operations fell

more and more out of favor at home, some former spies began to resort to more questionable kinds of activities, Scott and others said.

But under President Reagan, the clandestine services were reborn, as evidenced by a budget that has grown faster than the Pentagon's. The old intelligence hands were put to work by an administration trying to bolster anticommunist insurgencies. In some cases, the operations were conducted under private auspices to give the government deniability.

Turned to Secord

In putting together a private contra supply network after Congress barred US aid in 1984, and, later, to facilitate the Iran arms deal, Lt. Col. Oliver North, the fired National Security Council aide who is at the heart of the Iran-contra affair, turned to Secord and other members of this private network.

[In an effort to win the release of US hostages, Secord accompanied North on a clandestine trip to Beirut on Oct. 31, just days before the Iran-contra arms connection was publicly revealed, the Washington Post reported Saturday.]

"The administration was faced with the question of how to keep the contras alive, and with the CIA out of the game, they gave Ollie the portfolio," a congressional aide said.

"The NSC is better shielded than the agency," the aide went on, "but they don't have any money or operatives. So they went to the 'cowboys,' the former operatives, who are looking for work, who have relations with other governments, who know how to get things done, and if they make a buck on the side, that's OK."

But if North saw a certain logic to this arrangement, many ob-

servers said he erred seriously in picking people for the assignments in Central America and Iran.

"It surprises me that anyone could be so naive as to hire someone with such a close association to Edwin P. Wilson, and I think it was an act of irresponsibility to bring people like that into government employment," said Stansfield Turner, who was CIA director from 1977 to 1981. Turner was referring to Shackley, Clines and others.

Because of their ties to Wilson, Turner removed Shackley as the agency's No. 2 man in covert operations and reassigned Clines. Seeing no future under Turner, both men resigned from the agency soon afterward.

Meanwhile, increasing attention is being given to charges raised in a pending federal lawsuit in Miami. That suit links the contra supply operation to the Iranian arms transfer by detailing a complex and bizarre series of crimes allegedly committed by the Wilson-Shackley group over 20 years.

Suit's charges

The suit charges that members of the group, despairing about an isolationist drift in Washington that was preventing the United States from its role as leader of the free world, trafficked in arms and narcotics to support anticommunist insurgency around the world.

The charges are spelled out in a 95-page affidavit filed last week in a \$23.8 million civil suit brought by Tony Avirgan and Martha Honey, a husband-and-wife team of freelance journalists, against two dozen contra leaders and several former CIA and military officials.

These figures, according to the lawsuit, include Shackley, Clines, Secord, Hakim, Quintero and retired Maj. Gen. John Singlaub, former chairman of the World Anti-Communist League, who is also active in assisting the contras.

The defendants have denied the allegations and at a hearing last Monday in Miami, their lawyers characterized the charges as nothing more than "malicious gossip."

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The lawsuit, approved for release, stems from the 1984 bombing of a press conference held by the contra leader Eden Pastora in Costa Rica in which five persons were killed and two dozen injured, including Avirgan.

Pastora, who led an independent anti-Nicaraguan group along the country's southern border, was allegedly targeted for assassination because he had refused to take up arms with a contra faction he considered a puppet of the CIA.

The suit charges the defendants with responsibility for the bombing as part of a larger conspiracy to sell cocaine in the United States to raise money and other supplies for the contras.

It charges that Shackley, while overseeing the CIA's secret war in Laos in the mid-1960s, along with his deputy, Clines, had entered into an alliance with Hmong tribesmen and helped a faction gain a monopoly on opium trafficking to help fuel the war effort.

Later, before the fall of Saigon in 1975, Shackley, Clines and others began skimming money from Hmong heroin profits and pilfering US weapons in Vietnam as part of an unauthorized effort later to wage anticommunist insurgency in Chile, Iran before the fall of the shah, Libya and now Nicaragua, according to the suit.

In 1979, both Shackley and Clines were out of the CIA, and most the network went private, though Secord was still in the Air Force as director of international programs.

Shackley, Clines, Wilson, Secord and Hakim had created a number of corporations and subsidiaries around the world to conceal their operations, which would later include aid to the contras and selling arms to Iran.

Swiss-based

The suit says some of these corporations were based in Switzerland, including Lake Resources Inc., into which Secord and North allegedly funneled profits from the Iran arms sales, Stanford Technology Trading Group Inc., and Compagnie de Services Fiduciaires. CSF Investments Ltd. and Udall Research Corp. were based in Central America, and others, like the Egyptian-American Transport Service Co. and the Orca Supply Co., in the United States.

All these companies are figuring in the investigation into the Iran-contra affair.

Now that Wilson's name has surfaced again, many are starting to take a second look at his claim that he was acting on behalf of the CIA - a claim he was prevented for national security reasons from airing in court.

Few doubt that Wilson abused or misrepresented his CIA links while profiteering in the name of patriotism. But he reportedly remains insistent that he was still funneling intelligence information to the agency, and that he remains a spy left out in the cold.

Shackley and Clines were never compelled to testify at Wilson's trials, and Secord, after acknowl-

ed, said Wilson had once offered to supply the United States with a Soviet MIG-25 fighter plane from the Libyan Air Force.

Whatever the truth about Wilson and his allegiances, evidence that he committed a string of felonies is overwhelming, and under those circumstances, that for North and the National Security Council would turn to this group to carry out sensitive assignments on behalf of the nation, continues to amaze many.

"I'm not in a proper position to say if it's a proper way to conduct foreign policy, but it is certainly stupid tradecraft," said Lawrence Barcella, the lead prosecutor in the Wilson trials. "During the trials, many of these people were linked together in a not very flattering way, and to use them again seems ill-advised. To the extent that you use the identity of one, a reporter only has to go to the morgue-file to learn the identity of others. They are part of an infamous network."

Former U.S. Intelligence Aides Ask: Was a Lesson of the 70's Forgotten?

By CHARLES MOHR

Special to The New York Times

WASHINGTON, Dec. 21 — Whether Lieut. Col. Oliver L. North, when he was a member of the National Security Council staff, acted on his own to divert money from the Iran arms sale to assist Nicaraguan rebels intrigues several former officials and practitioners of the craft of intelligence.

But if Colonel North did not act on his own, these former officials and others say, they are mystified as to why his superiors apparently entrusted him with such functions as evaluating, planning, managing, financing and concealing the existence of the diversion to the contras and other covert actions.

The Iran arms sale, these former officials say, reinforces old lessons about the hazards of covert intelligence actions and underlines a newer lesson about entrusting the direction and execution of secret operations to amateurs and deputized private citizens.

Breaking Protective Barriers

The former officials say White House officials may have forgotten or misunderstood a series of mishaps that crippled United States intelligence circles in the 1970's.

Several of the former officials said one of the more obvious mistakes was a try to avoid legal and customary practices of notifying Congress of covert actions. But they said an even graver criticism would be that the laws and Presidential directives on intelligence activities enacted in the Ford and Carter Administrations, and in theory carried on by President Reagan, apparently were ignored or failed in practice.

The intent of these mechanisms was to insure Presidential accountability for covert operations, said Morton Halperin, a former member of the National Security Council staff and an official of the American Civil Liberties Union who worked with the Senate and House select committees on intelligence to write new legislation in 1980.

"A major motive was to get rid of the whole concept of Presidential deniability," Mr. Halperin said, "to make sure that covert operations could not be undertaken without the President's knowledge and informed approval."

Kenneth Bass, the Department of Justice specialist on intelligence law in the Carter Administration, agreed, saying: "People were sick of arguments over whether it was Bobby Kennedy or Jack Kennedy who approved trying to poison Castro. The aim was to insure Presidential accountability."

Maintaining 'On-Line' Control

Stansfield Turner, the Director of Central Intelligence in the Carter Administration, said that he had

said the procedures to prevent the initiation of covert actions without Presidential knowledge "were a very important concept."

He added, "The kind of off-line operations permitted in the Reagan Administration are bound to lead to trouble."

The C.I.A. has always used non-Government personnel and "outside assets." The distinction of Colonel North's case, experts said, is that in the past the "off-line operators" were not used to manage, direct and evaluate covert operations.

"There is nothing unusual or wrong in contracting with an international arms dealer to furnish a given supply of weapons for a project," said Admiral Turner, who is believed to have done just that to assist Afghan rebels and in some other cases. "But there is no reason the arms dealer has to know the destination and the group the arms are being delivered to."

Richard Moe, the chief of staff for Vice President Walter F. Mondale, said it appeared that the Reagan Administration had made the mistake of "privatizing covert action, diplomacy and even war."

Need for a Political Base

In its final report in 1976 of its investigations into past intelligence scandals the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities, popularly known as the Church committee, said:

"The committee has found that when covert operations have been consistent with, and in tactical support of, policies which have emerged from a national debate and the established processes of government, these operations have tended to be a success."

That conclusion is still embraced as true by almost all those familiar with the history of covert operations, said, "In other words," said one former intelligence operator, "you can get away with spooky business if it advances a cause the country as a whole is agreed on and the Congress approves."

Secrecy Taken Too Far

The outside critics uniformly assumed that a primary reason the White House tried to conceal the Iran arms sale and the diversion of proceeds to the Nicaraguan rebels was that it knew it did not have and could not obtain the approval of Congress, or even of senior Cabinet members.

One expert said that while it was difficult enough to keep a more orthodox covert action secret, the Reagan White House apparently compounded its difficulties by trying to keep the Departments of State and Defense and at least parts of the C.I.A. in the dark as well.

Turner said. "Colonel North apparently got in trouble, first crack out of the box, at the Lisbon airport, and had to turn to the C.I.A. to get him out of trouble."

Admiral Turner seemed to be alluding to reported testimony about the second arms shipment, of Hawk anti-aircraft missile components, in November 1985. The shipment went as far as Portugal, but then no aircraft could be found to transship the parts to Iran. According to sources who heard the testimony about the problem, Colonel North had to telephone a senior C.I.A. official, Duane Clarridge, who put Colonel North in touch with an air charter company previously owned and used by the C.I.A.

That event reportedly caused John McMahon, who was then deputy director of the C.I.A. but who has since retired, to become angry and to insist that established procedures be followed for subsequent arms shipments by obtaining a written "intelligence finding" from the President.

Tinkering With the Law

The outside critics regard the White House's apparent disregard or modification of the "finding" procedure as one of the most fundamental mistakes of the Iran arms sale case.

The finding concept became law in the so-called Hughes-Ryan Act of 1974 and was recodified in the Intelligence Act of 1980. In a finding authorizing a covert action, the President is required to certify that the action is "important to national security," a protection against frivolous acts. The requirement for a Presidential finding is intended to insure that covert acts cannot be concealed from the President himself.

Lastly, the preparation of drafts of a written finding is intended to insure that the practicality and desirability of the contemplated covert action will be reviewed by responsible officials from several departments of Government.

"Restraint is the most important function of the President's advisers," Mr. Moe said, "There is so much that can and often does go wrong with covert actions."

But another former official asserted that restraint "is just what the White House people apparently didn't want." Their motive for secrecy was not only to conceal this from Congress but from George Shultz, who is Secretary of State and who disapproved of the plan.

'Gentleman's Agreement' Broken

By law, the Presidential finding approving a covert action is to be communicated by the Director of Central Intelligence to the two intelligence committees of Congress at some time.

The law permits delay in some circumstances, according to experts,

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almost every C.I.A. director has made an extra-legal "gentleman's agreement" with the oversight committees as to when and how the director will inform Congress of covert actions.

Trail of Broken Promises

Admiral Turner, according to a former White House official, had an agreement to inform the committees within 48 hours of the time President Carter signed a finding. He did not do this when Mr. Carter signed a finding approving the rescue of American citizens harbored in Iran by the Canadian Embassy. But his failure to do so caused no controversy because it was an action in support of a popularly accepted cause, and one that risked no major embarrassment if it were exposed.

William J. Casey, the current C.I.A. chief, also had an "ad hoc, common-sense gentleman's agreement, even though it was forced out of him, with the committees," an intelligence specialist said.

However, according to several experts Mr. Casey had repeatedly and seriously violated the agreement long before the present controversy.

For instance, in April 1984 Senator

Barry Goldwater, then chairman of the Senate Intelligence Committee, sent Mr. Casey an angry letter berating the director for not clearly informing the committee of a program to mine Nicaraguan harbors.

Mr. Casey apologized in writing and, reportedly, made a new gentleman's agreement. But, according to recent testimony, he urged that the finding approving the Iran arms sale not be reported to the committees.

Describing those past controversies in his 1985 book on the C.I.A., "Secrecy and Democracy," Admiral Turner wrote of the Reagan Administration, "The Administration's willingness repeatedly to flout the Congress reflected a view that oversight was an impediment rather than a necessity for good intelligence in a society like ours."

Sloppy Intelligence Work

Some of the critics of the way the Iran operation was conducted said that the use of off-line management and deputized private individuals in management roles goes beyond bad politics or borderline illegality. They say it also makes for sloppy intelligence work.

Some, for instance, were shocked that Colonel North and the former na-

tional security adviser, Robert C. McFarlane, who had the highest level of national security secrecy clearance, would go personally to Teheran where they conceivably could have been detained, made hostage and interrogated or even tortured about United States secrets.

Representative George E. Brown Jr., Democrat of California and a member of the House Intelligence Committee, said that although it was unlikely that the Iranian Government would have arrested the two men, it was probably "highly imprudent" of them to have gone to Iran.

Other manifestations of amateurism were pointed out by several experts. One involved the supply flights to contra forces within Nicaragua that led to the crash of an aircraft, the capture of Eugene Hausenfus and the death of the rest of the crew. The Administration has denied that it was directly involved in the flights, but the Assistant Secretary of State for Inter-American Affairs, Elliott Abrams, publicly applauded the program.

A former intelligence official said, "Real professionals would have had an extraction program to rescue crews once they ended up on the ground."

Aide may have to testify in Casey's stead

By Adell Crowe
and Sam Meddis
USA TODAY

Surgeons who removed a cancerous brain tumor from CIA Director William Casey expect him to "resume his normal activities" — while a former CIA chief said the probe of the Iran-contra affair can survive Casey's temporary absence.

After five hours of surgery at Georgetown University Hospital in Washington, D.C., surgeons said a preliminary examination of the tumor revealed a "lymphoma (a cancerous growth) which appears treatable."

Former CIA Director Stansfield Turner said Casey's illness should not bar him from testifying for House and Senate investigators in the future: "It might have to be in a hospital rather

than in a congressional briefing room."

Investigators, in the meantime, could call Casey's deputy, Robert Gates, who is running the agency in the spy chief's absence, Turner said. Gates would probably already know "a good deal" of what Casey knows about the Iran arms deal, Turner said.

NBC News, quoting senior U.S. officials, reported Casey's wife does not want him to return to the agency.

One big difference if Casey departs: The CIA may no longer enjoy the close relationship with President Reagan that was provided by Casey, 73, Reagan's 1980 campaign manager.

Casey's surgeons were not forthcoming with details on the surgery, but experts not connected with the case said the type of tumor is rare, but generally receptive to treatment.

Dr. Henry Brem, director of neuro-

surgical oncology at Baltimore's Johns Hopkins University Hospital, said brain lymphomas often are sensitive to radiation or drug therapy, some "just melt away under treatment."

Casey suffered two mild brain seizures this week, which doctors say are often the first signals of brain tumors in an otherwise healthy person.

But Dr. Victor Levin, professor of neuro-oncology at the University of California Medical School, San Francisco, said depending on where the tumor is located, Casey's memory could have been affected by the tumor.

Casey testified twice last week in private sessions with House members probing the scandal, but was admitted to the hospital shortly before he was to appear before a Senate panel.

CIA director's career

William Casey, CIA director since 1981, rose to power and wealth from Wall Street. A look at his background:

- A lawyer, first worked in GOP politics in the 1940s.
- Made a small fortune as a Wall Street lawyer, co-founder of Capital Cities Communications, owner of ABC.
- Appointed by President Nixon as chairman of Securities and Exchange Commission. Appointed by President Ford to chair U.S. Import-Export Bank.
- He and wife, Sophie, have been married for 49 years, have a daughter.
- Recommended by friend Donald Regan as secretary of Treasury and White House chief of staff.

Reagan kept a loose rein

Led to staff overreaching, Turner says

By Warren Richey

Staff writer of The Christian Science Monitor

Washington

President Reagan's "hands off" management style may have encouraged White House staff members to take the initiative in setting up the secret Iran-contra connection, according to a former director of the Central Intelligence Agency.

Stansfield Turner, who served as CIA director during the Carter administration, also questioned the legality

of a reported oral presidential national-security "finding" said to have authorized secret arms sales to Iran via Israel in 1985.

Mr. Turner warned, however, of the dangers of an overreaction to the Iran-contra affair in Congress that might lead to severe restrictions on the President's ability to conduct covert activities in the future.

In a breakfast meeting with reporters Tuesday, Mr. Turner said he be-

lieved that an underlying cause of the Iran-contra affair was President Reagan's reluctance to become involved in the day-to-day details of special operations organized by staff members working in his National Security Council.

"The management style of this President is such that he could have encouraged people [under him] to feel that he didn't want to know [the specifics of their activities]. Not necessarily because he wanted to be able to deny it, but because that was not a level of detail that he normally wanted to get into," Turner said.

"[Lt. Col. Oliver] North was encouraged by the President, his chief of staff, and [national-security adviser John M.] Poindexter to go out there and really support these contras, even at the risk of flouting a law," he added.

President Reagan and other top administration officials have said they had no prior knowledge of the secret Iran-contra connection. The effort to divert the profits of Iran arms sales to rebels fighting the Nicaraguan government was allegedly organized and run by Colonel North, a mid-level NSC staff member.

Turner was critical of top members of the Reagan administration for "running for cover and passing the buck to everyone else" in the current crisis. "It is showing a neglect of responsibility," Turner said. He added that many of Reagan's senior advisers - including White House chief of staff Donald T. Regan - should be fired or step down.

"I don't see how the President can reconstitute public confidence with these

same people," he said.

The former CIA director also questioned the legality of a reported 1985 presidential "finding" that orally authorized secret Israeli shipments of US arms to Iran.

According to former national-security adviser Robert McFarlane, President Reagan made an oral "finding" during a conversation with Mr. McFarlane in mid-1985. The White House denies that any finding was made until a formal written finding was signed by the President on Jan. 17. That finding authorized secret US shipments of arms to Iran.

The issue is a critical one for Israeli officials who maintain that no US arms were shipped to Iran from Israel in 1985 without prior explicit US authorization. US and Israeli officials and assorted middlemen were involved in various aspects of the secret Iran arms plan during at least the last six months of 1985. It is unclear under what legal authority they operated.

Turner said that, in his view, oral findings by a president were not a legal means to initiate a covert operation. But others disagree.

Daniel B. Silver, former general counsel of the CIA and the National Security Agency, says that there is nothing in the wording of the law that requires that a presidential finding be written. He notes that all that is required is that the president determine that the proposed covert action be important to US national security. "The statute only requires that the president make such a finding, not that he write it down," Mr. Silver said.

He noted, however, that standard practice in the White House has been that national-security findings are recorded in writing and signed by Reagan.



FILE PHOTO/BARTH FALKENBERG

Turner doubts legality of oral security findings