

# Air Cocaine: Poppy Bush, the Contras and a Secret Airbase in the Backwoods of Arkansas

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On March 16, 1986, President Ronald Reagan went on national television to make a desperate pitch for the restoration of congressional aid to the Nicaraguan Contras. This particular war had never been popular with Americans, who stubbornly remained indifferent to lurid scenarios proffered by the Great Communicator that the Sandinistas might sweep north through Guatemala and Mexico to menace Texas. So Reagan deployed a new tactic, denouncing the Sandinistas as a regime that had its hand in the drug trade.

For the previous six months, Oliver North and his colleagues at the National Security Council and the CIA had been leaking stories to the Washington press corps charging that the leadership of the Nicaraguan government, including Defense Minister Humberto Ortega, was in league with the Medellin cartel and with Fidel Castro in a hemisphere wide cocaine-trafficking network. On that March evening, Reagan displayed a series of grainy photographs purporting to show Sandinista officials loading duffel bags of cocaine in a C-123K military transport plane destined for Miami, Florida.

"I know that every American parent concerned about the drug problem will be outrage to hear that top Nicaraguan government officials are deeply involved in drug trafficking," Reagan said. "This picture, secretly taken at a military airfield outside Managua, shows Frederico Vaughn, a top aide to one of the nine commandants who rule Nicaragua, loading aircraft with illegal narcotics bound for the United States."

As that *Time* magazine editor told his reporter Lawrence Zuckerman, this was precisely the kind of drug story that would end up on the front pages of American newspapers. But it turned out to be a setup, part of an elaborate sting operation concocted by Oliver North, the CIA, George Bush's drug task force and a convicted drug runner named Barriman Alder Seal. It was Seal who had piloted the plane, equipped with CIA-installed cameras, to that Nicaraguan airstrip and brought the cocaine back to Homestead Air Force Base in Florida. In return for his services, Seal received more than \$700,000 and a reduced sentence on pending drug convictions.

Years later the DEA admitted that Seal's CIA-sponsored mission was the only drug flight involving the Sandinistas it had any information about. To this day, Frederico Vaughn remains a figure clouded by mystery, with no one quite sure who he is or who he was working for. Seal wasn't around to answer any questions either. A few weeks before Reagan's television address, Seal was gunned down while in a federal witness protection program in Baton Rouge, Louisiana- a victim of Oliver North's press leaks.

Barry Seal was a veteran of both the drug trade and the intelligence business. Born in Baton Rouge, Seal was a bulky, athletic man with a beguiling presence. He was 5-feet-7 inches tall, weighed 250 pounds and wore thick muttonchop sideburns. He had a passion for cars, women and Snickers bars, though he neither smoked nor drank nor used cocaine.

Seal's first contact with the CIA came in the 1960s while he served as a pilot for the US Army's Special Forces division. He left the army in 1965 to become, at the age of twenty-six, a pilot for TransWorld Airlines, and it's apparent that Seal continued his relationship with the Agency during his employment with the airline. In 1972 Seal was busted by the US Customs Service for attempting to smuggle 14,000 pounds of C-4 explosives into Mexico. The bomb-making material was destined for a CIA-trained cell of anti-Castro Cubans. Seal lost his job at TWA but escaped prosecution when the CIA intervened. The agency told the US Attorney's office that a trial would "threaten national security interests."

It wasn't long before Seal turned his considerable skills as a pilot and entrepreneur to Latin America's emerging black market in drugs and guns. In the mid-1970s he bought a small fleet of planes, recruited a network of ace pilots and mechanics (many of whom were veterans of the war in Vietnam and Laos) and developed ties to the leadership of the Medellin drug cartel.

By his own admission, Seal became the Medellin cartel's chief link to the cocaine markets of the southeastern United States. In federal court, Seal testified as a government witness in a drug trial that he earned more than \$50 million smuggling cocaine and marijuana. But the pilot was most certainly being uncharacteristically modest. Investigators for the Arkansas State Police told the US Justice Department that they believed Seal's enterprise had raked in between \$3 billion and \$5 billion from the late 1970s up to his bloody death in 1986. Seal's bank records show that in 1981 he was making daily deposits of \$50,000 in his favorite bank in the Bahamas. The drug money was reinvested in a variety of schemes, from hotels and casinos to a TV network and a drug company.

In 1982 Seal moved his base of operations from New Orleans to the small town of Mena in the Ouachita Mountains of western Arkansas. It was in this same year that Seal once again hooked up with his friends in the CIA, who were anxious to use Seal's fleet of planes to ferry supplies to Contra camps in Honduras and Costa Rica. The flight plans for Seal's drug enterprise provided the perfect cover for the illicit resupply missions. Seal's planes would fly from Mena to Medellin cartel airstrips in the mountains of Colombia and Venezuela, make refueling stops in Panama and Honduras, and then return to Mena, where the planes would drop parachute-equipped duffel bags loaded with cocaine over Seal-controlled farms near Mena. Seal's men would retrieve the drugs in pickup trucks and deliver them to the cartel's distributors in New Orleans, Miami and New York. Each flight packed between 200 to 500 kilos of cocaine, a load that would then fetch about \$13 million on the street. By the early 1980s Seal's planes were making several flights a week.

In 1982, the CIA approached Seal about adding a new element to his flight plans. They wanted him to carry loads of supplies and guns on his trips to Central America. The quid pro quo seemed clear enough to Seal. If he would consent to help the US intelligence agencies, they would once again act as his protectors, keeping his planes from being hassled by US customs and the DEA. In addition, the CIA agreed to outfit Seal's squadron of planes with the latest in high-tech aviation electronics. The CIA was familiar with at least some of Seal's aircraft, which by then included a Learjet, several helicopters and some large cargo planes, because many of them had been bought from CIA proprietaries, such as Air America and Southern Air Transport. The deal seemed to pay off for Seal. In the early 1980s, the US Customs Service backed off a drug investigation into one of Seal's pilots. In a memo to his superiors, a Customs agent noted, "Joe [name redacted] works for Seal and cannot be touched because Seal works for the CIA."

Some of the weapons Seal's plane flew to the Contra camps were manufactured by a

Fayetteville, Arkansas gunmaker named William Holmes. Holmes specialized in the production of automatic pistols mounted with silencers, a weapon of choice for CIA executive actions.

Holmes, who had been making guns for the CIA since the mid-1950s, testified in a federal court case that the Agency asked him to make 250 of the weapons for Seal. He later described Seal as "the ramrod of the Mena gun deal."

In 1983, Seal's luck with law enforcement seemed to run out. The DEA nailed him for smuggling 200,000 Quaaludes into a Fort Lauderdale airport, as part of a sting called Operation Screamer. After his indictment, Seal approached the DEA and offered his services as an informant. The DEA turned him down. Seal was convicted in February 1984 and faced the possibility of spending the next ten years in federal prison. Desperate to retain his freedom, Seal, apparently on the advice of his contacts in the CIA, made one last call, this time to Vice President George Bush's drug task force. The drug runner was swiftly granted an appointment. He fired up his Learjet and flew to Washington, D.C., where he met with a Bush staffer named Jim Howell. Howell, a former drug agent at US Customs, interviewed Seal and then took him to see a top DEA agent named Kenneth Kennedy. Howell vouched for Seal, and Seal complained bitterly that the DEA agents in Fort Lauderdale had brushed him off for personal reasons. Although the official position of the DEA was that Seal offered to help the agency gain information on the Medellin cartel, Kennedy recalls that Seal also boasted that he could help the Reagan administration expose the Sandinistas' role in the drug trade. Kennedy told a congressional committee that Seal informed him at their initial meeting that "officials of the Nicaraguan government are involved in smuggling cocaine into the United States, specifically the Sandinistas." Kennedy said that Seal promised to fly to Nicaragua, pick up loads of cocaine and bring them back to the United States.

Kennedy referred Seal to two Miami-based DEA agents, Ernst Jacobsen and Robert Joura. "After he was debriefed in Washington, a phone call was made to Group Six in the Miami Field Division," Jacobsen said in testimony before the House Judiciary Committee in 1989. "We were asked if I wanted to work with Mr. Seal. I said I would."

Seal flew to Miami the next day, where he met with Joura, Jacobsen and Steve LeClair, an attorney with the US Justice Department. Seal told the DEA men that he could easily set up a delivery of 3,000 kilos of cocaine from Jorge Ochoa's operation in Colombia. After this meeting, Seal was officially signed up as a confidential informant for the DEA: his DEA ID number was SGI-84-0028. The DEA agreed to pay him \$800,000 a year for his services and postponed his sentencing on the Quaalude-smuggling conviction.

A few days later Seal called two of the Medellin cartel's top operatives in Miami, Felix Dixon Bates and Carlos "Lito" Bustamante, to let them know that he was back in business. Bustamante oversaw the distribution of Medellin cocaine in the US. Bates was a long-time pilot for the Ochoa network who specialized in smuggling exotic animals to Jorge Ochoa's ranch in Colombia. Bustamante told Seal that Ochoa wanted him to ferry a Titan 404 plane from Miami to Medellin. Seal agreed to the plan and on April 4, 1984, he and Bates flew to Colombia. They were met at the airstrip by Jorge Ochoa. Precisely what happened at this meeting is the subject of some controversy. DEA agents Joura and Jacobsen claim that it was at this session that the subject of Nicaragua first came up. They say that Ochoa told Seal that the cartel was moving most of its operations to Nicaragua because of increasing pressures on them in Colombia. This scenario seems far-fetched for a number of reasons, not least because at that time the cartel seemed to be operating with near impunity in Colombia, Panama, Honduras and Costa Rica. An alliance with the Sandinistas would only

antagonize the US government, which the cartel was trying so hard to placate.

A more likely story is that Seal and Ochoa used this meeting to plan a sting operation against the Sandinistas designed to keep Seal out of prison and ensure the Medellin cartel the continued good graces of the US intelligence and law enforcement agencies.

Over the next week, Seal visited Panama and Guatemala before returning to Miami, where he conferred with Bustamante and other US representatives of the Medellin cartel. They set up plans for a series of drug flights from Colombia and Panama to Miami, and Seal invited the Colombians to come with him to Mena to inspect the planes that Seal was planning to use for the cocaine flights. The next day Seal flew four Colombians to Mena, where he treated the drug dealers to a lunch of Cajun food and took them for a spin in his new Lockheed Lodestar jet. The Colombians were duly impressed and gave the green light for the drug flights to begin.

The following day Seal relayed the plans to DEA agent Jacobsen, who got approval from the Colombian government for Seal to enter the country and pick up a load of cocaine. Before taking off for Colombia, Seal took the opportunity to make two trips to his bank in the Bahamas, where he deposited several hundred thousand dollars in cash.

A week before Seal was scheduled to fly to Medellin, he blew out an engine on his Learjet during a test run. The DEA paid to have the plane repaired. In the meantime, a DEA agent named S.B. Billbough passed on to the CIA Seal's contention that the Ochoa organization was preparing to move its base of operations to Nicaragua. According to a memo prepared by DEA agent Joura, the CIA expressed "considerable interest" in the Seal operation.

With his Learjet still in the repair hangar, Seal flew to Panama City on May 18 for a meeting with the equivalent of the board of directors of the Medellin cartel. At the session were Jorge Ochoa, his brother Fabio Ochoa, Pablo Escobar, Bates, and Gonzalo Rodriguez Gacha. Seal arranged to trade one of his helicopters (previously owned by a CIA front) for a Merlin 3B owned by the cartel. It was also at this session that Seal said he was introduced to the mysterious figure of Frederico Vaughn.

The CIA would later claim that Vaughn was a "close associate" of the Sandinistas' interior minister, Tomas Borge. But Vaughn has long been suspected of having his own ties to the CIA. His cousin Barney Vaughn worked for the Popular Bank and Trust Company, once owned by Nicaraguan dictator Anastasio Somoza. The bank was also used by the CIA and Oliver North's operation to funnel money to the Contras. In addition, a telephone number Seal later claimed to be Vaughn's Managua home number turned out to be a line used by US intelligence assets from 1981 to 1986. The Sandinistas claimed that Vaughn had worked as an assistant manager of an import/export company in the capital after the revolution, but had left Nicaragua for Panama in 1983.

Seal said that he and Vaughn flew the next day on Copa Airlines to Managua, where Vaughn showed the pilot the 3,000-foot Los Brasiles airstrip northwest of Managua. Vaughn, Seal said, also pointed out the location of Sandinista anti-aircraft guns stationed throughout the capital. Seal spent the night at Vaughn's house and returned to Florida the next day, just in time for his long-delayed sentencing hearing in Fort Lauderdale on his Quaalude-smuggling conviction.

Seal was sentenced to ten years, but because of his cooperation in the drug operation the sentence was reduced to six months' probation. Federal Judge Norman Roettinger, a law-and-order conservative who had received letters on Seal's behalf from the DEA and the

CIA, praised Seal for his work undermining the Sandinista regime.

These problems behind him, Barry Seal was cleared for his first DEA-sanctioned cocaine run. On May 28, Seal and his longtime copilot Emile Camp took off from Mena's Intermountain Regional Airport in Seal's retooled Lockheed Lodestar jet bound for Colombia. They arrived at a small airstrip in the mountains outside Medellin in a driving rainstorm that turned the dirt runway into a strip of mud. Seal nearly wrecked the plane on landing when the jet slid off the runway and into a ditch. The plane suffered damage to its landing gear and Seal was forced to run the return flight in a smaller plane owned by the Medellin cartel. This plane was the same Titan 404 that Seal and Bates had delivered to Medellin a month earlier. According to Seal, senior cartel executive Carlos Lehder himself was at the airstrip to meet his plane. From astride a white Arabian stallion, Lehder supervised a team of Indians who loaded the Titan with more than a tone of cocaine.

The smaller plane's limited range, Seal claimed, forced him to stop in Nicaragua for refueling. He landed at los Brasiles airport, where he and Camp were greeted by Frederico Vaughn. The plane was quickly refueled and took off for Miami. But almost immediately, Seal told his DEA handlers, his plane was struck by anti-aircraft fire and he was forced to crash-land the plane at the Managua airport. One of Vaughn's associates arrived in a military-style truck and took the cocaine away for safekeeping. Seal and Camp were detained overnight by the Nicaraguan police. But once again, Seal said, in his thoroughly bizarre narrative of this episode, Vaughn came to the rescue, arranging their release from jail and providing them with a new plane to fly back to Florida. Seal claimed that this plane belonged to Pablo Escobar. Vaughn assured Seal that he would safeguard the cocaine until Seal could come back for it.

Seal arrived back in Miami and told his astounding tale to Joura and Jacobsen. Far from being a disaster, Seal told the DEA men, this created a great opportunity to move against the Sandinistas. Plans were swiftly made by the DEA and CIA for a return flight to Nicaragua. The first order of business was to get Seal a new plane. On June 10, Seal traded his Merlin 3B, recently acquired from Jorge Ochoa, for a C-123K military cargo plane owned by a CIA contractor. Before it could be flown, however, the C-123K needed structural repairs and engine work. DEA agent Jacobsen arranged for the Pentagon to have the plane shipped to Rickenbacker Air Force Base outside Columbus, Ohio, where Air Force mechanics performed \$40,000 worth of free work on Seal's plane. After the repairs were completed, the cargo plane was flown to Homestead Air Force Base outside Miami, where CIA technicians installed two hidden cameras, one in the plane's nosecone and the other in the rear cargo hold. The cameras were rigged so that Seal could use a remote control button hidden in his pocket to snap photos at will.

On the morning of June 25, Seal, Camp and their mechanic, Peter Everson, landed the C-123K at Los Brasiles airstrip. Although the CIA and President Reagan would refer to los Brasiles as a military airbase, it was in fact a civilian runway used primarily by crop-dusters and other agricultural aircraft. Seal claimed that the plane was met by Frederico Vaughn, Pablo Escobar, Gonzalo Rodriguez Gacha and some Nicaraguan soldiers, who helped carry more than 1,200 pounds of cocaine stuffed in duffel bags from a hangar into the rear of the plane. Seal clicked off a set of grainy and indistinct photos of the drug transfer.

The plane took off about an hour later, after taking on about 2,000 gallons of fuel. The next morning Seal landed his C-123K, nicknamed the Fat Lady, at Homestead Air Force Base, where the DEA took control of the cocaine and CIA agents rushed Seal's roll of film off to be developed. In the Agency's photo labs.

Shortly after Seal returned to Florida, Ron Caffery, the head of the DEA's cocaine desk in Washington, D.C., received a call from his boss, David Westrate, assistant administrator of the DEA. Westrate instructed Caffery to brief members of the National Security Council and the CIA on Seal's mission. The next day Caffery met with Oliver North and CIA agent Dewey Clarridge at the Old Executive Office Building adjacent to the White House. He showed North and Clarridge blowups of Seal's photos and identified pictures of Seal, Camp, Vaughn and Escobar. But Caffery was surprised to discover that both North and Clarridge were already well-acquainted with the photos. Caffrey recalled being somewhat unaware of Vaughn's background, but noticed that Clarridge seemed to be packing a dossier on the man. "The CIA representative told me that he [Vaughn] was an associate of a government officer, of the Nicaraguan government, which was news to me," Caffrey told a congressional committee looking into the Seal affair.

The discussion between North, Clarridge and the DEA man rapidly turned to planning a new sting involving Seal. They decide that Seal should be sent back to Nicaragua with \$1.5 million in DEA cash, along with assorted "toys" for Escobar and Vaughn, to arrange a new drug deal. At this point, Oliver North suggested that perhaps Seal could arrange a deal outside Nicaragua, so that Vaughn and Escobar could be arrested and the \$1.5 million be turned over to the Contras. Caffery told North that the US Attorney's office would never countenance such a scheme. Then North suggested that perhaps it was time for the DEA to go public with Seal's photos. North told Caffrey that "there was an important vote coming up on an appropriations bill to fund the Contras" and that information on Sandinista drug dealing could swing the vote in the administration's favor.

Again Caffery shot down North's idea. He told North that release of any information on the Nicaragua flight would jeopardize their investigation of the Medellin cartel and place Seal's life at risk. But the information was already beginning to leak out as part of the Reagan administration's propaganda campaign to demonize the Sandinistas. On June 27, General Paul Gorman, head of the Pentagon's Southern Command, made an anti-Sandinista speech at a meeting hosted by the American Chamber of Commerce in El Salvador. Gorman claimed to have proof that the Sandinista leadership was involved in drug smuggling.

This exposure, however, didn't stop the DEA from sending Seal back to Nicaragua for another cocaine buy on July 7. The deal was apparently aborted at the last minute, when, Seal said, he was warned that the Sandinistas had learned about the mission.

By now the NSC and CIA were leaking reports of Seal's Nicaraguan exploits to their friends in the Washington press corps. The *Washington Times*, in a July 17, 1984 front page story by Edmond Jacoby, was the first to report on "evidence" of Sandinista drug trafficking. But Oliver North's diaries reveal that other reporters were also hot for the story. One of the first to lunge at the bait was Doyle McManus, the *Los Angeles Times* writer who savaged Gary Webb. In North's July 17 entry he wrote: "McManus, LA Times says NSC resource claims WH [White House] has pictures of Borge loading cocaine in Nic." McManus's source was dead wrong, of course. Borge had been nowhere near the Seal plane.

Within weeks all the major national papers and news magazines were running stories quoting "high-level" sources in the US government who claimed that they had hard evidence that the Sandinista leadership was "actively participating" in the drug trade. The two names most often cited in the stories were Borge and Defense Minister Humberto Ortega, brother of the president of Nicaragua, Daniel Ortega.

On September 7, with the Contra aid vote fast approaching, Senator Paula Hawkins, a

right-wing Republican from Florida, convened a press conference in Washington at which she attacked the Sandinistas as "a brutal regime financed by the drug trade." Hawkins unveiled to the press four obscure photos taken on Seal's June 25 mission. She also displayed a high-altitude photo of Los Brasiles "military airbase" taken by an American U-2 spy plane. The photos were not released to the press, but her press conference put the story on the front page once again.

By now Barry Seal's cover as a secret drug agent was completely blown and he went back to what he did best, running drugs and guns. Fortunately for Seal, Congress was not persuaded to renew Contra funding in the fall of 1984 and instead enacted the Boland amendment prohibiting any direct military aid. This meant Seal still had a job shuttling lethal contraband for North's network from Mena to El Salvador, Honduras and Nicaragua. An Arkansas police officer investigating Seal's operation in August 1985 wrote in his report: "Every time Bari [sic] Seal flies a load of dope for the US govt., he flies two for himself."

In late December 1984, Seal was caught flying a load of marijuana into Louisiana. He was released the next day after he posted a \$250,000 cash bond. Seal made a call to his friends in the DEA, and on January 7 he was interviewed by Special Agent Dale Hahn of the FBI. According to Hahn's notes, Seal offered to testify against low-level members of the Medellin cartel in exchange for a guilty plea and light sentence on the marijuana-trafficking charges. Over the next year, Seal testified in three major drug cases, helping the feds secure convictions. Seal was eventually sentenced to a six-month term in a halfway house in Baton Rouge. Shortly after Seal's arrest in Louisiana, his old friend and co-pilot Emile Camp died when his Seneca plane, equipped with state-of-the-art navigational equipment, slammed into a mountain near Mena. Many of Camp's associates believe that his plane had been sabotaged and point out that he was one of the few to witness many of Seal's activities for the CIA and DEA.

In the summer of 1985, Seal decided to sell his C-123K cargo plane for \$250,000. The buyer was the same CIA contractor, Harold Doan, from whom Seal had acquired the plane a year earlier. The plane later ended up in the service of Oliver North's Contra resupply program and entered aviation history on October 3, 1986, when it was shot down over Nicaraguan air space and its cargo kicker, Eugene Hasenfus, was taken into custody by the Sandinistas and paraded before the world as living proof of the Reagan administration's war against their country.

Although supposedly in a witness protection program, Seal said he considered himself "a clay pigeon." He was eventually tracked down by a team of assassins working for Jorge Ochoa and Pablo Escobar. On February 19, 1986, Seal's body was riddled with hundreds of bullets as he sat in his white Cadillac outside the Salvation Army Center in Baton Rouge.

After Seal's death, IRS agents examined his bank records. They determined his estate owed more than \$86 million in back taxes, but ended up forgiving much of the debt, citing Seal's "CIA-DEA employment."

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By the mid-1980s, Arkansas was an important staging post in the Contra War against Nicaragua being run from Washington. One scheme for maintaining a cover-up for Oliver North's network was, it appears, played out in the Governor's Mansion in Little Rock, Arkansas occupied by a young Bill Clinton.

Among the occupants of that same mansion was buddy Young, the man in charge of Clinton's security. According to court documents filed by Terry-Reed, a former CIA asset involved in North's Contra resupply effort, Young was a pivotal figure in a case designed to land Reed in prison not long after Reed had walked out of an arms-for-drugs operation in Guadalajara, Mexico, where he had been working with CIA man Felix Rodriguez.

Arkansas's role in the Contra War and in an arms-for-drugs supply network goes back to the early 1980s and the airport at Mena. A federal investigation aided by the Arkansas State Police established that Barry Seal had his planes refitted at Mena for drug drops, trained pilots there and laundered his profits partly through financial institutions in Arkansas. Seal at this time was in close contact with North, who acknowledged the relationship in his notebooks and his memoir.

Among those recruited by North was-so the man subsequently asserted in court papers-Terry Reed, formerly with Air America in Thailand. Reed says he was working for North in 1983. North put Reed in touch with a Seal, and by 1984 Reed had established a base at the hamlet of Nella, ten miles north of Mena in Ouachita National Forest. There Nicaraguan Contras and other recruits from Latin America were trained in resupply missions, night landings, precision airdrops and similar maneuvers. Reed, familiar with the commercial affairs of Mena, asserts that large sums of drug money were being laundered through leading Arkansas bond brokers, an allegation also being considered by a federal investigator just as his researches were abruptly terminated.

One of Reed's contacts in North's network was William Cooper, another Air America veteran then working for Southern Air Transport. Cooper was at the controls of the C-123K once owned by Seal that was shot down by a Sandinista soldier in October 1986. That plane had been serviced at Mena. Cooper died in the crash. His crewman, Eugene Hasenfus, survived.

Back in 1985, Cooper had suggested to Reed that he go to Mexico and set up an operation expanding the supply network. Reed agreed, traveled to Vera Cruz for discussions with Felix Rodriguez and, in July 1986, set up a front company, Machinery International, in Guadalajara.

Three months later Cooper was dead and Hasenfus was being paraded by Sandinistas before the Managua press corps. Reed says that Machinery International's business, "trans-shipping items" in "support of our foreign politics," was put on hold until January 1987, this at a time when the Iran/Contra cover-up was pressing forward in Washington. Seven months later, Reed says, he became aware that drugs were part of the shuttle passing through Machinery International's premises in Guadalajara and that he himself was a likely candidate for fall guy if things came unglued.

Reed says he confronted Rodriguez and told him he was quitting. By early September 1987 he had returned to the United States. A month later Governor Clinton's security chief, Buddy Young, was activating from the governor's mansion- a sequence of events seemingly designed to land the potentially troublesome Reed in prison.

The instrument at hand was a plane owned by Reed.

On March 24, 1983, Reed's plane had been stolen from a repair shop in Joplin, Missouri (Reed's home state). Prior to this, Reed says, Oliver North had asked him to contribute this same plane to Project Democracy, a scheme by which individuals would allow their fully insured planes and boats to "disappear" for the sake of counterrevolutionaries in



Nicaragua. Reed claims he had refused the request. At all events, the plane was removed while Reed was out of town. Reed duly reported the theft to his insurance company and received compensation. He says that in 1985 North's people contacted him in Mena, told him that his plane was being returned after having been in Central America for two years and asked that he not report its return because they might need to "borrow" it again. Reed consented. He had the plane stored at his hangar in the North Little Rock Airport and left for Guadalajara soon thereafter.

On October 8, 1987, Tommy Baker, a former Arkansas State Police officer and longtime friend of Buddy Young, says he happened to be passing Reed's hangar when a powerful gust of wind blew the door open, revealing a plane. Baker said he thought the plane looked "suspicious" and so called his pal Young at the Governor's Mansion. Young later claimed in testimony that he contacted the National Crime Information Center to check if the plane's registration number came up on a list of stolen planes, found no record of this and then instructed Baker to check if the plane's markings had been changed, a common practice of plane thieves (also a routine practice at Mena and in North's Project Democracy). Baker established that they had been altered, and by October 21, the two claim, they turned the case over to the FBI.

Under scrutiny, the sequence of events as set out by Baker and Young did not stand up. On October 5, three days before fortuitous gust blew open the hangar door, Young was phoning Reed's parents masquerading as an old friend of their son, according to legal papers filed by Reed. Young had called in the plane's correct registration number to the National Crime Information Center- so the center's records show-on October 7, before Baker had, by his own account, even set eyes on the plane (and before Young had called in with the doctored number). That same evening Young had called Joplin to inquire about the plane's original disappearance. In June 1988, Reed was indicted on mail fraud charges in connection with his 1983 insurance claim on the plane.

Reed accused Young and Baker of preparing and presenting false evidence for the purpose of furthering a false prosecution. This much is clear. In efforts to discredit someone familiar with the Mena operation, Buddy Young made his calls from Bill Clinton's mansion. Young and Baker have admitted to entering Reed's hangar three times without a warrant. They also admitted to tampering with the plane. When they finally did obtain a warrant, it was on the basis of misrepresentations. According to court documents, they subsequently made false statements to a federal grand jury as well as, on more than one occasion, in hearings related to *United States v. Reed*. Finally, evidence that might have helped Reed's case was secreted in Young's office in Clinton's mansion when it was supposed to have been in federal court. A federal judge involved in the case, Frank Theis, declared that Baker and Young had acted with "reckless disregard for the truth." Reed was acquitted when the court determined that the government did not have enough legitimate evidence to convict him.

Three months before his assassination Barry Seal described in sworn testimony to federal and state investigators a nexus of airstrips, front corporations, "legitimate" Arkansas companies and banks participating in the shipment of drugs and laundering of drug profits. His interrogators-IRS agent Bill Duncan and Russell Welch of the Arkansas State Police- had hoped to get Seal to gradually detail the bigger picture and were frustrated in their efforts when Seal, then under a drug conviction in Louisiana, was returned to that state for sentencing. When he was killed, one important path toward uncovering the Contra resupply operation in Arkansas turned cold.

Nevertheless, Duncan and Welch were determined to continue their investigation and

follow the trails leading out from Mena into the rest of the state. Where the money trail ultimately led, the investigators never were able to discover fully because their investigation was abruptly halted. One alleged money launderer, conspicuous in Arkansas's politico-financial world and profitably involved in state business, was—according to a source whose information had proved reliable in the past in receipt of large sums of drug money from Seal. Duncan and Welch eventually prepared a 3,000-page file on Mena, documenting wide spread money laundering and drug running. Duncan prepared thirty-five indictments for the US Attorney, but they were never acted upon and in 1988 the Arkansas State Police began shredding its Mena files, including all documents linking Oliver North to Seal and Seal's associate Terry Reed.

There is every indication that many of the illicit activities linking intelligence agencies to drug traffickers continued into the 1990s. An IRS report from the fall of 1991, three years after Duncan left the agency, notes that the "CIA has ongoing operations out of Mena, Arkansas airport † one of the operations at the airport is laundering money."

Duncan, a special agent in the IRS's criminal division, was assigned to the Mena investigation in 1983. In 1989, he was called to testify before the House Judiciary Committee about the goings-on at Mena. The committee had convened to probe the lack of criminal indictments and the possible hampering of the investigations by the CIA and Clinton's gubernatorial staff in Little Rock. Another agency under scrutiny was the US Attorney's office, which had been empowered to convene a grand jury and bring indictments in the affair, but did not do so.

Duncan had learned of an alleged payoff to US Attorney General Ed Meese by suspects in the Mena investigation. He was told by the IRS's attorney to deny to congressional investigators that he had any knowledge of this allegation and to state that he had "no opinion" on the reluctance of the US Attorney to convene a grand jury. He refused. Shortly thereafter Duncan was transferred from his IRS job to a position with the Subcommittee on Crime of the House Judiciary Committee, where he continued to probe Mena. Later that year, Duncan was arrested at the Capitol Building in Washington for possession of a concealed weapon (his service pistol) as he tried to enter his office. The case went to the US Attorney General's office, where it was held in limbo for more than a year, effectively preventing Duncan from pursuing the Mena case. He quit the House Judiciary Committee and went to a position with the Arkansas Attorney General's office.

Russell Welch also suffered a similarly rocky career. He had been a criminal investigator for the Arkansas State Police and had worked closely with Duncan on the Mena case since 1983. When the federal government closed down its inquiry, Welch's superiors in Arkansas also took him off the case. Welch claims that an attempt was made on his life in 1991 while he was meeting with Duncan in Little Rock.

In 1992 Clinton spokeswoman Max Parker was asked why Clinton had never responded to the 1990 request of Deputy Prosecutor Charles Black for assistance in forwarding a state inquiry into "the rather wide array of illegal activities" centering on the Mena airport. Black, whose jurisdiction includes Mena, suspected a federal cover-up of activities there. Parker claimed that Black was merely a subordinate in the prosecutor's office and that Clinton went straight to the top. She said Clinton told State Police commander Tommy Goodwin that he would allow \$25,000 to be released to the chief prosecutor in Black's district, Joe Hardagree. Hardagree, Parker said, rejected Clinton's offer of funds as proffered by Goodwin, presumably (according to Parker) because \$25,000 was insufficient for such a probe.

But this claim contradicts what Hardagree said in a 1992 letter to Mark Swaney of the Arkansas Committee, a group of citizens looking into the Mena affair: "During my tenure as prosecuting attorney, I did not receive \$25,000 in State funds, or any part of this amount of money, nor did I hear anything concerning these State funds, from Colonel Goodwin or anyone at Arkansas State Police or anyone in the Governor's office. The only investigation that I am aware of which has expended funds or resources has been the Grand Jury investigation of the Federal Court for the Western District of Arkansas."

In October 1991 the US Congress appropriated another \$25,000 upon the intervention of Arkansas Representative Bill Alexander. The money languished unused in the State Police headquarters. Parker said that it was just a matter of completing some paperwork and that Goodwin would straighten everything out.

But Goodwin was less than forthcoming on the matter in an interview during 1992 election season. Where once the policeman had been enthusiastic about the resumption of an investigation, now he said he wasn't sure there would be any "value" to it, adding that even if the Mena investigation was to proceed, the chief investigator, Duncan who was at that time sequestered from reporters' inquiries by his superiors in the Attorney General's office would not have subpoena power. Hardagree said that it looked as if political pressure had been exerted on Goodwin. "These are all good people, but they are too involved in politics," Hardagree said "I think the world of Tommy Goodwin, but someone's put the heat on him."

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At a crucial stage in the Contra War, Governor Bill Clinton's personal creation, the Arkansas Development Finance Authority, made its first industrial development loan. The year was 1985, and the recipient of the loan was Park on Meter, Inc., or POM, a parking meter manufacturer based in Russellville, Arkansas. POM, it has been alleged by Michael Riconosciuto, a computer expert serving a prison sentence on drug charges in Washington state, was under secret contract to make components of prototype chemical and biological weapons for use by the Contras, as well as special equipment for C-130 transport planes. Such planes were at that time ferrying drugs and weapons in and out of Mena, which is just a few miles away in western Arkansas. Clinton's state was thus an important link in the Contra supply chain at a time when military aid to the Contras had been banned by Congress.

About a mile north of the airport in Russellville on Highway 331 sits POM'S headquarters and factory in a low building made of corrugated metal. POM began making parking meters at this site in 1976. Except for some superficial alterations, its premises are the same ones once owned and occupied by defense giant Rockwell International. Back when POM took over the site from Rockwell, its property covered a little more than thirty-six acres. But between 1976 and 1992 a complicated series of real estate transactions (the country court documents fifteen mortgages or deeds concerning this property over this period) left POM itself owning only about eight acres. The remainder of the property POM deeded to a partnership called MBVG. In 1990, one of the partners in MBVG, a man named Mac Van Horn, leased a portion of this property to the US Army Reserve. A plot of land northwest of POM's property housed the 354th Chemical Company of the 122nd Army Reserve Command.

When Mark Swaney of the Arkansas Committee investigated the site he saw two camouflaged trucks with trailers mounted with what looked like generators for creating smoke screens, along with some military transport trucks and a number of industrial

drums. Swaney talked to some of the soldiers there, who told him that they were part of a "smoke unit." A few days later former IRS investigator Bill Duncan took a trip out to Russellville. Duncan saw the drums sitting next to two corrugated metal sheds without windows or markings of any kind. Duncan also saw what he described as "chemical tanker trucks" at the Army Reserve Post. In short, here in a scruffy corner of Russellville was a kind of military/industrial landscape, a setting appropriate to our tale.

Southwest of Russellville there is another kind of military/industrial landscape, this one in a wooded valley that Surrounds Mena. So far we have described Mena as a center for covert operations involving Contra training and resupply missions, as well as drug smuggling and money laundering. Mena was also important as a base for aircraft maintenance and retrofitting.

We come now to Michael Riconosciuto, a former contract employee of the CIA, who says he worked at Mena on and off between 1980 and 1989. Riconosciuto was arrested on drug charges shortly after being named as a witness in the Inslaw Corporation's case against the US government for the latter's alleged unauthorized use of the PROMIS software, which Riconosciuto wrote for Inslaw. Riconosciuto claims he was set up. He is now in prison in Washington state.

According to Riconosciuto, Mena was part of a network of bases that evolved over time, rising and receding in importance with the changing needs of US covert operations. He says that at the time he was involved, Mena was crucial because of its central location relative to other bases, because of its retrofitting and maintenance facilities and because of its role as the administrative center of the operations. Finally, he says, Mena was the main drop-off point for narcotics shipments, the other bases serving as distribution points or as "nesting facilities" for the aircraft, mainly a fleet of about thirty C-130 transport planes.

Thus Riconosciuto is the third person who stepped forward with details of the covert military and narcotics operations at Mena, corroborating information already supplied by Barry Seal and Terry Reed. But unlike Seal, who was primarily a drug smuggler, and Reed, who supervised the training of pilots and participated in resupply operations, Riconosciuto served in a technical and administrative capacity that gave him a broader picture of the whole operation. He came to Mena with a background in computer technology and programming as well as intelligence experience, gained from working with the Wackenhut Corporation, a private security firm whose imbrication with the intelligence world is well known. In Mena, Riconosciuto supervised the transshipment of high-tech equipment (including infrared gun scopes and night vision goggles) to the Contras, maintained the administrative computer network and developed accounting software to facilitate the electronic transfers of funds for the money-laundering side of the operation.

Riconosciuto says that to his knowledge no drugs were ever unloaded at the Mena airport itself. As with Seal's setup in Louisiana, planes flying at low altitude would use drag chutes to drop containers of drugs in the surrounding countryside. Sometimes the dope would be dropped onto clearcuts in the Ouachita National Forest. More often it would be dropped onto farmland outside Mena. The drugs would be picked up by helicopter or truck and taken to a loading area, from which they would be sent to distribution points via truck or two-engine plane. He described a constellation of support facilities for both the shipment of drugs and for the manufacture of airplane parts. Independent sources for parts were especially necessary both to ensure a ready supply of equipment that could not be easily traced if a plane crashed or was captured.

Riconosciuto's account of these support facilities matched, in many of its particulars, the

evidence gathered by state and federal investigators who were on the trail of the Mena operation from 1983 to 1988. But in the same way that his story augmented the picture drawn from Seal and Reed, so it extends the line of supporting actors beyond the environs of Mena. Which brings us back to the headquarters of POM.

POM, according to Riconosciuto, was not merely in the business of making parking meters. He says that beginning in 1981, the company also made ferry drop tanks-external fuel canisters- for use on C-130s.

Drop tanks are essentially nothing more than aerodynamic metal containers, well within the production capabilities of a company set up to make parking meters. These tanks, attached to pylons on the wings and jettisoned when empty, are necessary to fuel long-range transport missions. While standard on C-130s and other military aircraft, they are virtually unknown in civilian use.

To this point, most of our discussion of Mena has centered on conventional weapons delivery and more or less conventional training. But Riconosciuto points to other, even more sinister, tactics that began to take shape in Arkansas. By 1983, he says, it was clear to US intelligence that the Contras were unable to inflict real damage on the Sandinista troops and needed a tactical advantage – either through the use of high-tech weaponry and equipment, such as the infrared and night vision devices mentioned above, or through unconventional weaponry. To this end, Riconosciuto says, POM was enlisted in a project with the Stormont labs of Woodland, California, and the Wackenhut Corporation to develop chemical and biological weapons that could be deployed in guerrilla warfare. POM was assigned the task of producing the munitions themselves.

Recall the configurations on the ground in that corner of Russellville described above. According to Riconosciuto, the Army Chemical unit had an arrangement to provide POM with chemical agents once the prototypes had become advanced enough for testing. These prototypes were meant to be fairly simple devices—a hand-held grenade, a mortar shell, a small bomb – all of which could have been produced with the machinery on hand at POM.

Stormont confirmed in 1992 that in the early 1980s it was approached by Wackenhut in connection with the development of biological weapons, but denied that anything went beyond the talking stage. Wackenhut denied any involvement with Stormont, POM or Riconosciuto. When asked in 1992 about allegations by Riconosciuto that POM built aircraft drop-tanks and had been engaged to produce bio-chem munitions, "Skeeter" Ward, boss of POM, said breezily to Bryce Hoffman of the *Nation*, "Hell no. What we make is re-entry nose cones for the nuclear warheads on the MX missile and nozzles for rocket engines." He also said "We have got a contract with McDonnell Douglas to make aircraft parts, but I don't even know what that's about." "Skeeter" Ward is the brother-in-law of Webster Hubbell, Clinton's disgraced assistant attorney general. POM was founded by Seth Ward Sr., the father of Hubbell's wife, Suzie. While an attorney at Rose Law firm, Hubbell had shepherded POM's application to become the first company to receive an industrial development loan from the Arkansas Development Finance Authority. This loan for \$2.75 million was rushed to completion in the closing hours of 1985.

The Arkansas Development Finance Authority came into being in April of that year as part of Clinton's sweeping Economic Development Initiative. What had previously been the Arkansas Housing Development Agency, which offered low-interest loans to develop single-family housing, was now revamped into a kind of full-service financial institution charged with attracting capital into the state for the purposes of industrial development, job creation, agricultural and even aquacultural financing. It advertised itself as an agency

especially helpful to small companies "who have traditionally been excluded from the bond market by high issuance costs and servicing fees" but which under the umbrella of ADFA bond issues would be able to trim such costs.

The crux of ADFA's mission was to offer companies long-term loans financed through the sale of tax-exempt bonds. Companies in need of capital would come to ADFA, which in turn arranged for the issuance of a bond from a private bondholder, which ADFA then offered for sale. (The state of Arkansas did not guarantee these bonds, but by virtue of ADFA's involvement the bonds receive tax-free status.) When the bonds were sold, ADFA delivered the indenture and a record of the bond owners to a bank, which became the trustee of the deal. ADFA thus served as a kind of middleman in a deal between the trustee and the companies. The trustee was responsible for collecting the payments on the loan and interest and was also responsible for paying out dividends and ultimately the principal to the bond holders. In turn, the trustee bank was allowed to invest the money it got from the bond issue in Treasury bills, CDs, money market accounts, or even time deposit accounts at other banks.

The trustee had huge latitude in deciding where to invest these funds. According to ADFA's standard contract the trustee was limited only by the stipulation that wherever the money was invested, it had to be guaranteed by the US government in some way. However, this stipulation was not always honored. There are records of a deal in which a trustee invested in Fuji Bank's Grand Cayman Islands branch, a favorite depository of drug dealers.

Many of the beneficiaries of ADFA deals bore the aroma of Clinton's inner circle. Among underwriters of the agency's bond issues, Stephen's INC. featured prominently. The company's chairman, Jackson Stephens, and his son Warren helped Clinton raise more than \$100,000 for his 1992 campaign. In January of that year, the bank Stephens has a controlling interest in, Worthen National, extended to Clinton a \$2 million line of credit. The name of the Worthen bank, represented by Hillary's Rodham Clinton's Rose Law firm on several occasions, appeared among institutions that have from time to time had liens on POM.

Another familiar name on the bond issues was the now-defunct Lasater and Co. Dan Lasater, who headed the company, is a long-time friend of Clinton and his brother, Roger. Both Roger Clinton and Lasater were convicted on cocaine charges.

This ADFA was at the center of financial dealings in which large amounts of money could be moved around easily and, it would seem, discreetly. Because ADFA was not subject to legislative oversight- being solely within the purview of the governor's office- and because of the loose strictures upon the trustee bank, it also opened the gate for questionable, possibly illicit financial dealings. As IRS man Bill Duncan explained, theoretically, bonds could be issued to provide a loan to a company involved in laundering drug profits. That loan represented clean money. The loan could in turn be paid back with drug profits, slowly over time and in small increments. In this way drug money could be successfully filtered into the legitimate financial system. If the company in question did nothing more with the loan than redeposit it into its bank account, then the company had lost nothing but it had gained clean money. Thus, in effect, ADFA could serve as a washing machine 3 dirty money could be cleaned simply by passing through its system. Duncan suggested that it would also be possible for ADFA clients never to repay a loan and for the money simply to be circulated through the trustee's investment end of the arrangement.

In the case of POM, records concerning the \$2.75 million loan were curiously incomplete. One ADFA document stated that twenty-four jobs had been created; another cited total

wages paid of \$2.56 million. No repayment records for POM were available in 1992, when ADFA's operations were under our scrutiny, though ADFA officials said that POM had paid off the loan in 1991, two years ahead of schedule.

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The Mena story was going critical in the spring of 1992 amid Clinton's bid for the Democratic nomination. The major networks were poised to do big probes. Then beneath the banner headline "Anatomy of a Smear," *Time* took up the Mena saga in its April 15, 1992 issue. *Time's* reporter, Richard Behar, took a full page to suggest that the story was all non-sense and that Governor Bill Clinton had been maligned.

Leaving aside for the moment the matter of Behar's motives, *Time's* story was ludicrous, claiming that all reports of Contra resupply and CIA activities in western Arkansas stemmed from allegations by Terry Reed, the former pilot, trainer of the Contras and associate of George Bush's pal Felix Rodriguez. Reed, according to Behar, said that the drugs and arms "enterprise" in Mena was "personally supervised" by Clinton. Reed had never said that to anyone. In an extensive clip file on Mena, including many stories in the Arkansas press dating back to 1987, no trace of any such claim can be found, even in the form of dismissals of assertions too silly to be taken seriously.

But *Time's* hit piece was successful. The networks abandoned the story in those important weeks. Later one of *Time's* senior editors, Strobe Talbott, was appointed to a high-level post in the Clinton State Department. Talbott's wife, Brooke Shearer, also landed a job in the administration.

The suppression of the Mena story did not end with the election of Bill Clinton. In 1994, while researching a book on Bill and Hillary Clinton, investigative reporter Roger Morris came across a mound of new information on Mena, including Barry Seal's notebooks, tax filings and bank records. Morris was a former National Security Advisor to Richard Nixon who resigned his position in protest of the invasion of Cambodia. He went on to write a biography of Nixon, as well as trenchant books on Henry Kissinger and Alexander Haig.

To pursue the Mena story, Morris joined forces with another investigative reporter, Sally Denton. Denton was the author of *The Bluegrass Conspiracy*, a gripping account of political corruption and drug dealing in Kentucky. By the fall of 1994, Morris and Denton had amassed a 2,000-page file on Seal, Clinton and Mena. They wrote up part of the story and submitted it to the op-ed page of the *New York Times*. The story was swiftly rejected. When Morris asked the *Time's* op-ed page editor, Michael Levitas, why the paper turned down the article, Levitas replied that this was a "*Wall Street Journal* kind of story." Levitas replied that the *Time's* news staff had looked at Mena and declined to cover it.

So Morris and Denton took their piece to the Outlook section of the *Washington Post*, whose deputy editor, Jeffrey Frank, accepted the story, praising the authors for writing an explosive and extraordinary article. But the story ran into innumerable roadblocks. Over the next eleven weeks the article was edited, re-edited, fact-checked and reviewed by the *Post's* legal team. Morris and Denton were subject to detailed questioning from *Post* reporters and editors from the news section. Finally, on January 25, 1995, the story seemed ready to go. The galleys were set, contracts were signed and the story was scheduled to run on Sunday, January 29, 1995.

As the Outlook section was headed to press, Jeffrey Frank called Morris, leaving a message on his answering message to the effect that the *Post's* managing editor, Robert Kaiser, had

killed the story. Morris called Kaiser for an explanation, but the *Post* editor refused to take his call. Kaiser's secretary told the exasperated writer, "He doesn't want to talk to you."

Why did Kaiser kill the piece? Morris doesn't know. But a former *Washington Post* staffer tells us that Walter Pincus, the paper's long-time intelligence reporter, had dismissed the story as "garbage." Editors at the *Post* had leaked the substance of Morris and Denton's story to both the White House and the CIA, which furiously denied the story.

Eventually, Morris and Denton's excellent article appeared in *Penthouse* magazine and hardly met with the explosive reception that such a story deserved. A similar fate awaited Morris's book on the Clintons, *Partners in Power*, which was greeted by reviewers in the mainstream press with a mixture of indifference and hostility.

For his part, Bill Clinton has studiously avoided the subject, mentioning Mena in public only once since being elected president. His statement came in response to a question at an October 1994 press conference from the Associated Press White House correspondent, Helen Thomas, who asked the president what he knew about the use of Mena as an outpost for gun/drug runners associated with the Contra War. "They didn't tell me anything about it," Clinton said. "The state really had next to nothing to do with it. The local prosecutor did conduct an investigation based on what was in jurisdiction of state law. The rest of it was under the jurisdiction of the United States attorneys who were appointed successively by previous administrations. We had nothing -zero- to do with it."

But Clinton's claim of ignorance didn't ring true. One of his state prosecutors, Charles Black, brought the issue to Clinton's attention in 1988, emphasizing its role as a nexus for international drug operations.

Five years before that there was a federal investigation into drug money laundering at Mena—an investigation joined by Clinton's own state police. As part of that investigation, a federal grand jury was assembled. This grand jury was eventually dismissed, and the local press carried reports that members of the panel had been prevented from seeing crucial evidence, hearing important witnesses and even seeing the 29-count draft indictment on money laundering drawn up by an attorney with the Justice Department's Operation Greenback. In 1989 Clinton received petitions from Arkansas citizens demanding that he convene a state grand jury and continue the investigation. Winston Bryant made Mena an issue in his successful campaign for attorney general in 1990. A year later Bryant turned over the state files involving Mena, along with petitions from 1,000 citizens, to Iran/Contra prosecutor Lawrence Walsh. Later that year, on August 12, 1991, Clinton's adviser on criminal justice wrote to a concerned citizen to say that Clinton understood the matter of criminal activity in Mena was being studied by Bryant, Walsh and Arkansas Representative Bill Alexander.

Yet with all this knowledge Clinton did nothing. The state attorney general did not have the power to conduct an investigation, but the state prosecutors did. When Charles Black urged Clinton to allocate funds for such an investigation, Clinton refused his request. The Arkansas State Police were taken off the case their files shredded.

Clinton's protestations of ignorance on the matter also don't square with the story told by a former Clinton friend and Arkansas state trooper L.D. Brown. Brown worked on Clinton's security detail in the 1980s. He says that in 1984 Clinton encouraged the 29-year-old trooper to apply for a position with the CIA. Clinton, Brown claims, even helped prepare a writing sample to accompany his application to the intelligence agency. The paper was an analysis of Marxist movements in El Salvador and Nicaragua. Brown says the essay took a



hard-line Reaganite approach and did not display any sympathy for the cause of the Sandinistas or the Salvadoran revolutionaries.

In a 1995 court case, Brown testified that he was contacted by the CIA in October 1984 and instructed to meet with Barry Seal at the Cajun Wharf restaurant outside Little Rock. At the meeting, Seal asked Brown to fly with him on a mission to Central America. Brown testified that he and Seal left Mena airport on October 23 in Seal's C-123K transport, dropped cartons of M-16s over Contra base camps and landed for refueling at an airstrip in Honduras. There, Brown said, he saw Seal take on board more than a dozen duffel bags, which were kicked out of the plane over fields near Mena on the return flight. Brown later learned these bags were filled with cocaine.

After two more of these flights, Brown says he confronted Clinton about Seal's operation. Clinton, Brown testified, didn't seem surprised, telling the trooper, who was an admirer of George Bush, "Your hero Bush knows about it." Of the cocaine coming into Mena, Brown testified that Clinton snapped, "That's Lasater's deal." The reference appears to have been to long-time Clinton intimate Dan Lasater, the Little Rock-based bond magnate who was one of the governor's biggest campaign contributors. Lasater had also been convicted of distributing cocaine and was suspected, according to Roger Morris's account, of using his deals with ADFA to launder some of his drug profits.

Like Clinton, the CIA kept a low profile during the decade of controversy over Mena. The Agency repeatedly denied any activities at Mena, claiming at most that it was "a Rouge operation of the DEA." Then, in 1995, with the Republicans newly in charge of congress, Rep. Jim Leach of Iowa used his position as chairman of the House Banking Committee to launch a new investigation into money laundering, drug-running and intelligence operations at Mena. One of Leach's first orders of business was to request that the CIA's Inspector General, Frederick Hitz, review the agency's files and prepare a report on Mena.

The report was completed in November 1996. It remains classified, but a summary of the report was released by Leach. Though still a whitewash, the IG report for the first time admitted that the CIA did have a sustained presence at Mena through the 1980s and early 1990s. According to Hitz's report, the CIA conducted "authorized and legal activities at the airport." These activities included contracts for "routine aviation-related services." They also involved a still top-secret "joint training operation with another federal agency." The other federal agency is almost certainly the National Security Council, which the Inspector General's report claims handled the "interface with local officials." The investigation also confirmed L.D. Brown's claim that he applied for a position with the Agency in 1984.

The confession that Leach finally extracted from the CIA regarding its operations at Mena received scant notice from the press, with only the *Wall Street Journal* covering the report in any detail. The *Post's* Walter Pincus wrote a short item on the report, faithfully echoing the CIA's line that it had no involvement in "money laundering, narcotics trafficking, [or] arms smuggling."

Christopher Reed, a reporter with the *Guardian*, recalls asking a senior news executive at the *Los Angeles Times* if the paper had investigated the allegations of drugs and arms smuggling at Mena. "Yes," the executive told Reed. "But nobody in authority would confirm it."

Such passivity on the part of the press allowed the CIA and Bill Clinton to portray the Mena scandal as, in the words of White House spin doctor Mark Fabiani, "the darkest backwater of right-wing conspiracy theories."

*This essay is adapted from [Whiteout: the CIA, Drugs and the Press.](#)*