

# The Sordid Contra-Cocaine Saga

**Special Report:** If you ever wondered how the mainstream U.S. media changed from the hard-nosed Watergate press of the 1970s into the brown-nose MSM that swallowed the Iraq War lies, a key middle point was the Contra-cocaine scandal of the 1980s/1990s, the subject of a new movie, reports Robert Parry.

By Robert Parry

The movie, "Kill the Messenger," is forcing the mainstream U.S. media to confront one of its most shameful episodes, the suppression of a major national security scandal implicating Ronald Reagan's CIA in aiding and abetting cocaine trafficking by the Nicaraguan Contra rebels in the 1980s and then the systematic destruction of journalist Gary Webb when he revived the scandal in the 1990s.

Hollywood's treatment of this sordid affair will likely draw another defensive or dismissive response from some of the big news outlets that still don't want to face up to their disgraceful behavior. The New York Times and other major newspapers mocked the Contra-cocaine scandal when Brian Barger and I first exposed it in 1985 for the Associated Press and then savaged Webb in 1996 when he traced some of the Contra-cocaine into the manufacture of crack which ravaged American cities.

So, when you're watching this movie or responding to questions from friends about whether they should believe its storyline, you might want to know what is or is not fact. What is remarkable about this tale is that so much of it now has been established by official government documents. In other words, you don't have to believe me and my dozens of sources; you can turn to the admissions by the Central Intelligence Agency's inspector general or to evidence in the National Archives.

For instance, last year at the National Archives annex in College Park, Maryland, I discovered a "secret" U.S. law enforcement report that detailed how top Contra leader Adolfo Calero was casually associating with Norwin Meneses, described as "a well-reputed drug dealer."

Meneses was near the center of Webb's 1996 articles for the San Jose Mercury-News, a series that came under fierce attack from U.S. government officials as well as major news organizations, including the New York Times, the Washington Post and the Los Angeles Times. The controversy cost Webb his career, left him nearly penniless and ultimately drove him to suicide on Dec. 9, 2004.

But the bitter irony of Webb's demise, which is the subject of "Kill the Messenger" starring Jeremy Renner as Webb, is that Webb's much-maligned "Dark

Alliance” series eventually forced major admissions from the CIA, the Justice Department and other government agencies revealing an even-deeper relationship between President Reagan’s beloved Contras and drug cartels than Webb (or Barger and I) ever alleged.

Typical of the evidence that the Reagan administration chose to ignore was the document that I found at the National Archives, recounting information from Dennis Ainsworth, a blue-blood Republican from San Francisco who volunteered to help the Contra cause in 1984-85. That put him in position to witness the strange behind-the-scenes activities of Contra leaders hobnobbing with drug traffickers and negotiating arms deals with White House emissaries.

Ainsworth also was a source of mine in fall 1985 when I was investigating the mysterious sources of funding for the Contras after Congress shut off CIA support in 1984 amid widespread reports of Contra atrocities inflicted on Nicaraguan civilians, including rapes, executions and torture.

Ainsworth’s first-hand knowledge of the Contra dealings dovetailed with information that I already had, such as the central role of National Security Council aide Oliver North in aiding the Contras and his use of “courier” Rob Owen as an off-the-books White House intermediary to the Contras. I later developed confirmation of some other details that Ainsworth described, such as his overhearing Owen and Calero working together on an arms deal as Ainsworth drove them through the streets of San Francisco.

As for Ainsworth’s knowledge about the Contra-cocaine connection, he said he sponsored a June 1984 cocktail party at which Calero spoke to about 60 people. Meneses, a notorious drug kingpin in the Nicaraguan community, showed up uninvited and clearly had a personal relationship with Calero, who was then the political leader of the Contra’s chief fighting force, the CIA-backed Nicaraguan Democratic Force (or FDN).

“At the end of the cocktail party, Meneses and Calero went off together,” Ainsworth told U.S. Attorney Joseph P. Russoniello, according to a “secret” Jan. 6, 1987 cable submitted by Russoniello to an FBI investigation code-named “Front Door,” a probe into the Reagan administration’s corruption.

After Calero’s speech, Ainsworth said Meneses accompanied Calero and about 20 people to dinner and picked up the entire tab, according to a more detailed debriefing of Ainsworth by the FBI. Concerned about this relationship, Ainsworth said he was told by Renato Pena, an FDN leader in the San Francisco area, that “the FDN is involved in drug smuggling with the aid of Norwin Meneses who also buys arms for Enrique Bermudez, a leader of the FDN.” Bermudez was then the top Contra military commander.

## Corroborating Account

Pena, who himself was convicted on federal drug charges in 1984, gave a similar account to the Drug Enforcement Administration. According to a 1998 report by the Justice Department's Inspector General Michael Bromwich, "When debriefed by the DEA in the early 1980s, Pena said that the CIA was allowing the Contras to fly drugs into the United States, sell them, and keep the proceeds.

"Pena stated that he was present on many occasions when Meneses telephoned Bermudez in Honduras. Meneses told Pena of Bermudez's requests for such things as gun silencers (which Pena said Meneses obtained in Los Angeles), cross bows, and other military equipment for the Contras. Pena believed that Meneses would sometimes transport certain of these items himself to Central America, and other times would have contacts in Los Angeles and Miami send cargo to Honduras, where the authorities were cooperating with the Contras. Pena believed Meneses had contact with Bermudez from about 1981 or 1982 through the mid-1980s."

Bromwich's report then added, "Pena said he was one of the couriers Meneses used to deliver drug money to a Colombian known as 'Carlos' in Los Angeles and return to San Francisco with cocaine. Pena made six to eight trips, with anywhere from \$600,000 to nearly \$1 million, and brought back six to eight kilos of cocaine each time. Pena said Meneses was moving hundreds of kilos a week. 'Carlos' once told Pena, 'We're helping your cause with this drug thing we are helping your organization a lot.'"

Ainsworth also said he tried to alert Oliver North in 1985 about the troubling connections between the Contra movement and cocaine traffickers but that North turned a deaf ear. "In the spring some friends of mine and I went back to the White House staff but we were put off by Ollie North and others on the staff who really don't want to know all what's going on," Ainsworth told Russoniello.

When I first spoke with Ainsworth in September 1985 at a coffee shop in San Francisco, he asked for confidentiality which I granted. However, since the documents released by the National Archives include him describing his conversations with me, that confidentiality no longer applies. Ainsworth also spoke with Webb for his 1996 San Jose Mercury-News series under the pseudonym "David Morrison."

Though I found Ainsworth to be generally reliable, some of his depictions of our conversations contained mild exaggerations or confusion over details, such as his claim that I called him from Costa Rica in January 1986 and told him that the Contra-cocaine story that I had been working on with my AP colleague Brian Barger "never hit the papers because it was suppressed by the Associated Press due to political pressure primarily from the CIA."

In reality, Barger and I returned from Costa Rica in fall 1985, wrote our story about the Contras' involvement in cocaine smuggling, and pushed it onto the AP wire in December though in a reduced form because of resistance from some senior AP news executives who were supportive of President Reagan's foreign policies. The CIA, the White House and other agencies of the Reagan administration did seek to discredit our story, but they did not prevent its publication.

### **An Overriding Hostility**

The Reagan administration's neglect of Ainsworth's insights reflected the overriding hostility toward any information even from a Republican activist like Ainsworth that put the Contras in a negative light. In early 1987, when Ainsworth spoke with U.S. Attorney Russoniello and the FBI, the Reagan administration was in full damage-control mode, trying to tamp down the Iran-Contra disclosures about Oliver North diverting profits from secret arms sales to Iran to the Contra war.

Fears that the Iran-Contra scandal could lead to Reagan's impeachment made it even less likely that the Justice Department would pursue an investigation into drug ties implicating the Contra leadership. Ainsworth's information was simply passed on to Independent Counsel Lawrence Walsh whose inquiry was already overwhelmed by the task of sorting out the convoluted Iran transactions.

Publicly, the Reagan team continued dumping on the Contra-cocaine allegations and playing the find-any-possible-reason-to-reject-a-witness game. The major news media went along, leading to much mainstream ridicule of a 1989 investigative report by Sen. John Kerry, D-Massachusetts, who uncovered more drug connections implicating the Contras and the Reagan administration.

Only occasionally, such as when the George H.W. Bush administration needed witnesses to convict Panamanian dictator Manuel Noriega did the Contra-cocaine evidence pop onto Official Washington's radar.

During Noriega's drug-trafficking trial in 1991, U.S. prosecutors called as a witness Colombian Medellín cartel kingpin Carlos Lehder, who, along with implicating Noriega, testified that the cartel had given \$10 million to the Contras, an allegation first unearthed by Sen. Kerry. "The Kerry hearings didn't get the attention they deserved at the time," a Washington Post editorial on Nov. 27, 1991, acknowledged. "The Noriega trial brings this sordid aspect of the Nicaraguan engagement to fresh public attention."

But the Post offered its readers no explanation for why Kerry's hearings had been largely ignored, with the Post itself a leading culprit in this journalistic misfeasance. Nor did the Post and the other leading newspapers use

the opening created by the Noriega trial to do anything to rectify their past neglect.

Everything quickly returned to the status quo in which the desired perception of the noble Contras trumped the clear reality of their criminal activities. Instead of recognizing the skewed moral compass of the Reagan administration, Congress was soon falling over itself to attach Reagan's name to as many public buildings and facilities as possible, including Washington's National Airport.

Meanwhile, those of us in journalism who had exposed the national security crimes of the 1980s saw our careers mostly sink or go sideways. We were regarded as "pariahs" in our profession.

As for me, shortly after the Iran-Contra scandal broke wide open in fall 1986, I accepted a job at Newsweek, one of the many mainstream news outlets that had long ignored Contra-connected scandals and briefly thought it needed to bolster its coverage. But I soon discovered that senior editors remained hostile toward the Iran-Contra story and related spinoff scandals, including the Contra-cocaine mess.

After losing battle after battle with my Newsweek editors, I departed the magazine in June 1990 to write a book (called *Fooling America*) about the decline of the Washington press corps and the parallel rise of a new generation of government propagandists.

I was also hired by PBS *Frontline* to investigate whether there had been a prequel to the Iran-Contra scandal, whether those arms-for-hostage deals in the mid-1980s had been preceded by contacts between Reagan's 1980 campaign staff and Iran, which was then holding 52 Americans hostage and essentially destroying Jimmy Carter's reelection hopes. [For more on that topic, see Robert Parry's [Secrecy & Privilege](#) and [America's Stolen Narrative](#).]

### **Finding New Ways**

In 1995, frustrated by the growing triviality of American journalism, and acting on the advice of and with the assistance of my oldest son Sam, I turned to a new medium and launched the Internet's first investigative news magazine, known as Consortiumnews.com. The Web site became a way for me to put out well-reported stories that my former mainstream colleagues ignored or mocked.

So, when Gary Webb called me in 1996 to talk about the Contra-cocaine story, I explained some of this tortured history and urged him to make sure that his editors were firmly behind him. He sounded perplexed at my advice and assured me that he had the solid support of his editors.

When Webb's "Dark Alliance" series finally appeared in late August 1996, it initially drew little attention. The major national news outlets applied their usual studied indifference to a topic that they had already judged unworthy of serious attention.

But Webb's story proved hard to ignore. First, unlike the work that Barger and I did for AP in the mid-1980s, Webb's series wasn't just a story about drug traffickers in Central America and their protectors in Washington. It was about the on-the-ground consequences, inside the United States, of that drug trafficking, how the lives of Americans were blighted and destroyed as the collateral damage of a U.S. foreign policy initiative.

In other words, there were real-life American victims, and they were concentrated in African-American communities. That meant the ever-sensitive issue of race had been injected into the controversy. Anger from black communities spread quickly to the Congressional Black Caucus, which started demanding answers.

Secondly, the San Jose Mercury-News, which was the local newspaper for Silicon Valley, had posted documents and audio on its state-of-the-art Internet site. That way, readers could examine much of the documentary support for the series.

It also meant that the traditional "gatekeeper" role of the major newspapers, the New York Times, the Washington Post, and the Los Angeles Times, was under assault. If a regional paper like the Mercury-News could finance a major journalistic investigation like this one, and circumvent the judgments of the editorial boards at the Big Three, then there might be a tectonic shift in the power relations of the U.S. news media. There could be a breakdown of the established order.

This combination of factors led to the next phase of the Contra-cocaine battle: the "get-Gary-Webb" counterattack. Soon, the Washington Post, the New York Times, and the Los Angeles Times were lining up like some tag-team wrestlers taking turns pummeling Webb and his story.

On Oct. 4, 1996, the Washington Post published a front-page article knocking down Webb's series, although acknowledging that some Contra operatives did help the cocaine cartels. The Post's approach fit with the Big Media's cognitive dissonance on the topic: first, the Post called the Contra-cocaine allegations old news, "even CIA personnel testified to Congress they knew that those covert operations involved drug traffickers," the Post said, and second, the Post minimized the importance of the one Contra smuggling channel that Webb had highlighted in his series, saying it had not "played a major role in the emergence of crack."

To add to the smug hoo-hah treatment that was enveloping Webb and his story, the Post published a sidebar story dismissing African-Americans as prone to “conspiracy fears.”

Next, the New York Times and the Los Angeles Times weighed in with lengthy articles castigating Webb and “Dark Alliance.” The big newspapers made much of the CIA’s internal reviews in 1987 and 1988, almost a decade earlier, that supposedly had cleared the spy agency of any role in Contra-cocaine smuggling.

But the first ominous sign for the CIA’s cover-up emerged on Oct. 24, 1996, when CIA Inspector General Frederick Hitz conceded before the Senate Intelligence Committee that the first CIA probe had lasted only 12 days, and the second only three days. He promised a more thorough review.

### **Mocking Webb**

But Webb had already crossed over from being treated as a serious journalist to becoming a target of ridicule. Influential Washington Post media critic Howard Kurtz mocked Webb for saying in a book proposal that he would explore the possibility that the Contra war was primarily a business to its participants. “Oliver Stone, check your voice mail,” Kurtz smirked.

Yet, Webb’s suspicion was no conspiracy theory. Indeed, Oliver North’s chief Contra emissary, Rob Owen, had made the same point in a March 17, 1986 message about the Contra leadership. “Few of the so-called leaders of the movement . . . really care about the boys in the field,” Owen wrote. “THIS WAR HAS BECOME A BUSINESS TO MANY OF THEM.” [Emphasis in original.]

Ainsworth and other pro-Contra activists were reaching the same conclusion, that the Contra leadership was skimming money from the supply lines and padding their personal wealth with proceeds from the drug trade. According to a Jan. 21, 1987 interview report by the FBI, Ainsworth said he had “made inquiries in the local San Francisco Nicaraguan community and wondered among his acquaintances what Adolfo Calero and the other people in the FDN movement were doing and the word that he received back is that they were probably engaged in cocaine smuggling.”

In other words, Webb was right about the suspicion that the Contra movement had become less a cause than a business to many of its participants. Even Oliver North’s emissary reported on that reality. But truthfulness had ceased to be relevant in the media’s hazing of Gary Webb.

In another double standard, while Webb was held to the strictest standards of journalism, it was entirely all right for Kurtz, the supposed arbiter of journalistic integrity who was a longtime fixture on CNN’s “Reliable Sources”, to make judgments based on ignorance. Kurtz would face no repercussions for

mocking a fellow journalist who was factually correct.

The Big Three's assault, combined with their disparaging tone, had a predictable effect on the executives of the Mercury-News. As it turned out, Webb's confidence in his editors had been misplaced. By early 1997, executive editor Jerry Ceppos, who had his own corporate career to worry about, was in retreat.

On May 11, 1997, Ceppos published a front-page column saying the series "fell short of my standards." He criticized the stories because they "strongly implied CIA knowledge" of Contra connections to U.S. drug dealers who were manufacturing crack cocaine. "We did not have enough proof that top CIA officials knew of the relationship," Ceppos wrote.

Ceppos was wrong about the proof, of course. At AP, before we published our first Contra-cocaine article in 1985, Barger and I had known that the CIA and Reagan's White House were aware of the Contra-cocaine problem at senior levels. One of our sources was on Reagan's National Security Council staff.

However, Ceppos recognized that he and his newspaper were facing a credibility crisis brought on by the harsh consensus delivered by the Big Three, a judgment that had quickly solidified into conventional wisdom throughout the major news media and inside Knight-Ridder, Inc., which owned the Mercury-News. The only career-saving move career-saving for Ceppos even if career-destroying for Webb was to jettison Webb and the Contra-cocaine investigative project.

### **A 'Vindication'**

The big newspapers and the Contras' defenders celebrated Ceppos's retreat as vindication of their own dismissal of the Contra-cocaine stories. In particular, Kurtz seemed proud that his demeaning of Webb now had the endorsement of Webb's editor. Ceppos next pulled the plug on the Mercury-News' continuing Contra-cocaine investigation and reassigned Webb to a small office in Cupertino, California, far from his family. Webb resigned from the paper in disgrace. [See Consortiumnews.com's "[Hung Out to Dry.](#)"]

For undercutting Webb and other Mercury News reporters working on the Contra-cocaine project some of whom were facing personal danger in Central America Ceppos was lauded by the American Journalism Review and received the 1997 national Ethics in Journalism Award by the Society of Professional Journalists.

While Ceppos won raves, Webb watched his career collapse and his marriage break up. Still, Gary Webb had set in motion internal government investigations that would bring to the surface long-hidden facts about how the Reagan administration had conducted the Contra war.



The CIA published the first part of Inspector General Hitz's findings on Jan. 29, 1998. Though the CIA's press release for the report criticized Webb and defended the CIA, Hitz's *Volume One* admitted that not only were many of Webb's allegations true but that he actually understated the seriousness of the Contra-drug crimes and the CIA's knowledge of them.

Hitz conceded that cocaine smugglers played a significant early role in the Contra movement and that the CIA intervened to block an image-threatening 1984 federal investigation into a San Franciscobased drug ring with suspected ties to the Contras, the so-called "Frogman Case."

After *Volume One* was released, I called Webb (whom I had spent some time with since his series was published). I chided him for indeed getting the story "wrong." He had understated how serious the problem of Contra-cocaine trafficking had been, I said.

It was a form of gallows humor for the two of us, since nothing had changed in the way the major newspapers treated the Contra-cocaine issue. They focused only on the press release that continued to attack Webb, while ignoring the incriminating information that could be found in the full report. All I could do was highlight those admissions at Consortiumnews.com, which sadly had a much, much smaller readership than the Big Three.

The major U.S. news media also looked the other way on other startling disclosures.

On May 7, 1998, for instance, Rep. Maxine Waters, a California Democrat, introduced into the Congressional Record a Feb. 11, 1982 letter of understanding between the CIA and the Justice Department. The letter, which had been requested by CIA Director William Casey, freed the CIA from legal requirements that it must report drug smuggling by CIA assets, a provision that covered the Nicaraguan Contras and the Afghan mujahedeen.

In other words, early in those two covert wars, the CIA leadership wanted to make sure that its geopolitical objectives would not be complicated by a legal requirement to turn in its client forces for drug trafficking.

## **Justice Denied**

The next break in the long-running Contra-cocaine cover-up was a report by the Justice Department's Inspector General Michael Bromwich. Given the hostile climate surrounding Webb's series, Bromwich's report also opened with criticism of Webb. But, like the CIA's *Volume One*, the contents revealed new details about serious government wrongdoing.

According to evidence cited by Bromwich, the Reagan administration knew almost from the outset of the Contra war that cocaine traffickers permeated the paramilitary operation. The administration also did next to nothing to expose or stop the crimes. Bromwich's report revealed example after example of leads not followed, corroborated witnesses disparaged, official law-enforcement investigations sabotaged, and even the CIA facilitating the work of drug traffickers.

The report showed that the Contras and their supporters ran several parallel drug-smuggling operations, not just the one at the center of Webb's series. The report also found that the CIA shared little of its information about Contra drugs with law-enforcement agencies and on three occasions disrupted cocaine-trafficking investigations that threatened the Contras.

As well as depicting a more widespread Contra-drug operation than Webb (or Barger and I) had understood, the Justice Department report provided some important corroboration about Nicaraguan drug smuggler Norwin Meneses, a key figure in Gary Webb's series and Adolfo Calero's friend as described by Dennis Ainsworth.

Bromwich cited U.S. government informants who supplied detailed information about Meneses's drug operation and his financial assistance to the Contras. For instance, Renato Pena, the money-and-drug courier for Meneses, said that in the early 1980s the CIA allowed the Contras to fly drugs into the United States, sell them, and keep the proceeds. Pena, the FDN's northern California representative, said the drug trafficking was forced on the Contras by the inadequate levels of U.S. government assistance.

The Justice Department report also disclosed repeated examples of the CIA and U.S. embassies in Central America discouraging DEA investigations, including one into Contra-cocaine shipments moving through the international airport in El Salvador. Bromwich said secrecy trumped all. "We have no doubt that the CIA and the U.S. Embassy were not anxious for the DEA to pursue its investigation at the airport," he wrote.

Bromwich also described the curious case of how a DEA pilot helped a CIA asset escape from Costa Rican authorities in 1989 after the man, American farmer John Hull, had been charged in connection with Contra-cocaine trafficking. [See Consortiumnews.com's "[John Hull's Great Escape](#)."] ]

Hull's ranch in northern Costa Rica had been the site of Contra camps for attacking Nicaragua from the south. For years, Contra-connected witnesses also said Hull's property was used for the transshipment of cocaine en route to the United States, but those accounts were brushed aside by the Reagan

administration and disparaged in major U.S. newspapers.

Yet, according to Bromwich's report, the DEA took the accounts seriously enough to prepare a research report on the evidence in November 1986. One informant described Colombian cocaine off-loaded at an airstrip on Hull's ranch.

The drugs were then concealed in a shipment of frozen shrimp and transported to the United States. The alleged Costa Rican shipper was Frigorificos de Puntarenas, a firm controlled by Cuban-American Luis Rodriguez. Like Hull, however, Frigorificos had friends in high places. In 1985-86, the State Department had selected the shrimp company to handle \$261,937 in non-lethal assistance earmarked for the Contras.

Hull also remained a man with powerful protectors. Even after Costa Rican authorities brought drug charges against him, influential Americans, including Rep. Lee Hamilton, D-Indiana, demanded that Hull be let out of jail pending trial. Then, in July 1989 with the help of a DEA pilot and possibly a DEA agent Hull managed to fly out of Costa Rica to Haiti and then to the United States.

Despite these startling new disclosures, the big newspapers still showed no inclination to read beyond the criticism of Webb in the press release.

## **Major Disclosures**

By fall 1998, Washington was obsessed with President Bill Clinton's Monica Lewinsky sex scandal, which made it easier to ignore even more stunning Contra-cocaine disclosures in the CIA's *Volume Two*, published on Oct. 8, 1998.

In the report, CIA Inspector General Hitz identified more than 50 Contras and Contra-related entities implicated in the drug trade. He also detailed how the Reagan administration had protected these drug operations and frustrated federal investigations throughout the 1980s.

According to *Volume Two*, the CIA knew the criminal nature of its Contra clients from the start of the war against Nicaragua's leftist Sandinista government. The earliest Contra force, called the Nicaraguan Revolutionary Democratic Alliance (ADREN) or the 15th of September Legion, had chosen "to stoop to criminal activities in order to feed and clothe their cadre," according to a June 1981 draft of a CIA field report.

According to a September 1981 cable to CIA headquarters, two ADREN members made the first delivery of drugs to Miami in July 1981. ADREN's leaders included Enrique Bermúdez and other early Contras who would later direct the major Contra army, the CIA-organized FDN which was based in Honduras, along Nicaragua's northern border.

Throughout the war, Bermúdez remained the top Contra military commander. The CIA later corroborated the allegations about ADREN's cocaine trafficking, but insisted that Bermúdez had opposed the drug shipments to the United States that went ahead nonetheless.

The truth about Bermúdez's supposed objections to drug trafficking, however, was less clear. According to Hitz's *Volume One*, Bermúdez enlisted Norwin Meneses the Nicaraguan cocaine smuggler, the friend of Adolfo Calero, and a key figure in Webb's series to raise money and buy supplies for the Contras.

*Volume One* had quoted another Nicaraguan trafficker, Danilo Blandón, a Meneses associate (and another lead character in Webb's series), as telling Hitz's investigators that he (Blandón) and Meneses flew to Honduras to meet with Bermúdez in 1982. At the time, Meneses's criminal activities were well-known in the Nicaraguan exile community, but Bermúdez told the cocaine smugglers that "the ends justify the means" in raising money for the Contras.

After the Bermúdez meeting, Meneses and Blandón were briefly arrested by Honduran police who confiscated \$100,000 that the police suspected was to be a payment for a drug transaction. The Contras intervened, gained freedom for the two traffickers and got them their money back by saying the cash, which indeed was for a cocaine purchase in Bolivia, belonged to the Contras.

There were other indications of Bermúdez's drug-smuggling complicity. In February 1988, another Nicaraguan exile linked to the drug trade accused Bermúdez of participation in narcotics trafficking, according to Hitz's report. After the Contra war ended, Bermúdez returned to Managua, Nicaragua, where he was shot to death on Feb. 16, 1991. The murder has never been solved.

### **The Southern Front**

Along the Southern Front, the Contras' military operations in Costa Rica on Nicaragua's southern border, the CIA's drug evidence centered on the forces of Edmundo Pastora, another top Contra commander. But Hitz discovered that the U.S. government may have made the drug situation worse, not better.

Hitz revealed that the CIA put an admitted drug operative, known by his CIA pseudonym "Ivan Gomez", in a supervisory position over Pastora. Hitz reported that the CIA discovered Gomez's drug history in 1987 when Gomez failed a security review on drug-trafficking questions.

In internal CIA interviews, Gomez admitted that in March or April 1982, he helped family members who were engaged in drug trafficking and money laundering. In one case, Gomez said he assisted his brother and brother-in-law transporting cash from New York City to Miami. He admitted he "knew this act was illegal."

Later, Gomez expanded on his admission, describing how his family members had fallen \$2 million into debt and had gone to Miami to run a money-laundering center for drug traffickers. Gomez said "his brother had many visitors whom [Gomez] assumed to be in the drug trafficking business." Gomez's brother was arrested on drug charges in June 1982. Three months later, in September 1982, Gomez started his CIA assignment in Costa Rica.

Years later, convicted drug trafficker Carlos Cabezas alleged that in the early 1980s, Ivan Gomez was the CIA agent in Costa Rica who was overseeing drug-money donations to the Contras. Gomez "was to make sure the money was given to the right people [the Contras] and nobody was taking . . . profit they weren't supposed to," Cabezas stated publicly.

But the CIA sought to discredit Cabezas at the time because he had trouble identifying Gomez's picture and put Gomez at one meeting in early 1982 before Gomez started his CIA assignment. While the CIA was able to fend off Cabezas's allegations by pointing to these minor discrepancies, Hitz's report revealed that the CIA was nevertheless aware of Gomez's direct role in drug-money laundering, a fact the agency hid from Sen. Kerry in his investigation during the late 1980s.

There was also more to know about Gomez. In November 1985, the FBI learned from an informant that Gomez's two brothers had been large-scale cocaine importers, with one brother arranging shipments from Bolivia's infamous drug kingpin Roberto Suarez.

Suarez already was known as a financier of right-wing causes. In 1980, with the support of Argentina's hard-line anticommunist military regime, Suarez bankrolled a coup in Bolivia that ousted the elected left-of-center government. The violent putsch became known as the Cocaine Coup because it made Bolivia the region's first narco-state.

By protecting cocaine shipments headed north, Bolivia's government helped transform Colombia's Medellín cartel from a struggling local operation into a giant corporate-style business for delivering vast quantities of cocaine to the U.S. market.

Flush with cash in the early 1980s, Suarez invested more than \$30 million in various right-wing paramilitary operations, including the Contra forces in Central America, according to U.S. Senate testimony by an Argentine intelligence officer, Leonardo Sanchez-Reisse.

In 1987, Sanchez-Reisse said the Suarez drug money was laundered through front companies in Miami before going to Central America. There, other Argentine

intelligence officers, veterans of the Bolivian coup, trained the Contras in the early 1980s, even before the CIA arrived to first assist with the training and later take over the Contra operation from the Argentines.

Inspector General Hitz added another piece to the mystery of the Bolivian-Contra connection. One Contra fund-raiser, Jose Orlando Bolanos, boasted that the Argentine government was supporting his Contra activities, according to a May 1982 cable to CIA headquarters. Bolanos made the statement during a meeting with undercover DEA agents in Florida. He even offered to introduce them to his Bolivian cocaine supplier.

Despite all this suspicious drug activity centered around Ivan Gomez and the Contras, the CIA insisted that it did not unmask Gomez until 1987, when he failed a security check and confessed his role in his family's drug business. The CIA official who interviewed Gomez concluded that "Gomez directly participated in illegal drug transactions, concealed participation in illegal drug transactions, and concealed information about involvement in illegal drug activity," Hitz wrote.

But senior CIA officials still protected Gomez. They refused to refer the Gomez case to the Justice Department, citing the 1982 agreement that spared the CIA from a legal obligation to report narcotics crimes by people collaborating with the CIA who were not formal agency employees. Gomez was an independent contractor who worked for the CIA but was not officially on staff. The CIA eased Gomez out of the agency in February 1988, without alerting law enforcement or the congressional oversight committees.

When questioned about the case nearly a decade later, one senior CIA official who had supported the gentle treatment of Gomez had second thoughts. "It is a striking commentary on me and everyone that this guy's involvement in narcotics didn't weigh more heavily on me or the system," the official told Hitz's investigators.

### **Drug Path to the White House**

A Medellín drug connection arose in another section of Hitz's report, when he revealed evidence suggesting that some Contra trafficking may have been sanctioned by Reagan's National Security Council. The protagonist for this part of the Contra-cocaine mystery was Moises Nunez, a Cuban-American who worked for Oliver North's NSC Contra-support operation and for two drug-connected seafood importers, Ocean Hunter in Miami and Frigorificos De Puntarenas in Costa Rica.

Frigorificos De Puntarenas was created in the early 1980s as a cover for drug-money laundering, according to sworn testimony by two of the firm's principals,

Carlos Soto and Medellín cartel accountant Ramon Milian Rodriguez. (It was also the company implicated by a DEA informant in moving cocaine from John Hull's ranch to the United States.)

Drug allegations were swirling around Moises Nunez by the mid-1980s. Indeed, his operation was one of the targets of my and Barger's AP investigation in 1985. Finally reacting to the suspicions, the CIA questioned Nunez about his alleged cocaine trafficking on March 25, 1987. He responded by pointing the finger at his NSC superiors.

"Nunez revealed that since 1985, he had engaged in a clandestine relationship with the National Security Council," Hitz reported, adding: "Nunez refused to elaborate on the nature of these actions, but indicated it was difficult to answer questions relating to his involvement in narcotics trafficking because of the specific tasks he had performed at the direction of the NSC. Nunez refused to identify the NSC officials with whom he had been involved."

After this first round of questioning, CIA headquarters authorized an additional session, but then senior CIA officials reversed the decision. There would be no further efforts at "debriefing Nunez."

Hitz noted that "the cable [from headquarters] offered no explanation for the decision" to stop the Nunez interrogation. But the CIA's Central American Task Force chief Alan Fiers Jr. said the Nunez-NSC drug lead was not pursued "because of the NSC connection and the possibility that this could be somehow connected to the Private Benefactor program [the Contra money handled by the NSC's Oliver North] a decision was made not to pursue this matter."

Joseph Fernandez, who had been the CIA's station chief in Costa Rica, confirmed to congressional Iran-Contra investigators that Nunez "was involved in a very sensitive operation" for North's "Enterprise." The exact nature of that NSC-authorized activity has never been divulged.

At the time of the Nunez-NSC drug admissions and his truncated interrogation, the CIA's acting director was Robert Gates, who nearly two decades later became President George W. Bush's second secretary of defense, a position he retained under President Barack Obama.

## **Drug Record**

The CIA also worked directly with other drug-connected Cuban-Americans on the Contra project, Hitz found. One of Nunez's Cuban-American associates, Felipe Vidal, had a criminal record as a narcotics trafficker in the 1970s. But the CIA still hired him to serve as a logistics coordinator for the Contras, Hitz reported.

The CIA also learned that Vidal's drug connections were not only in the past. A December 1984 cable to CIA headquarters revealed Vidal's ties to Rene Corvo, another Cuban-American suspected of drug trafficking. Corvo was working with Cuban anticommunist Frank Castro, who was viewed as a Medellín cartel representative within the Contra movement.

There were other narcotics links to Vidal. In January 1986, the DEA in Miami seized 414 pounds of cocaine concealed in a shipment of yucca that was going from a Contra operative in Costa Rica to Ocean Hunter, the company where Vidal (and Moises Nunez) worked. Despite the evidence, Vidal remained a CIA employee as he collaborated with Frank Castro's assistant, Rene Corvo, in raising money for the Contras, according to a CIA memo in June 1986.

By fall 1986, Sen. Kerry had heard enough rumors about Vidal to demand information about him as part of his congressional inquiry into Contra drugs. But the CIA withheld the derogatory information in its files. On Oct. 15, 1986, Kerry received a briefing from the CIA's Alan Fiers, who didn't mention Vidal's drug arrests and conviction in the 1970s.

But Vidal was not yet in the clear. In 1987, the U.S. Attorney's Office in Miami began investigating Vidal, Ocean Hunter, and other Contra-connected entities. This prosecutorial attention worried the CIA. The CIA's Latin American division felt it was time for a security review of Vidal. But on Aug. 5, 1987, the CIA's security office blocked the review for fear that the Vidal drug information "could be exposed during any future litigation."

As expected, the U.S. Attorney's Office did request documents about "Contra-related activities" by Vidal, Ocean Hunter, and 16 other entities. The CIA advised the prosecutor that "no information had been found regarding Ocean Hunter," a statement that was clearly false. The CIA continued Vidal's employment as an adviser to the Contra movement until 1990, virtually the end of the Contra war.

Hitz also revealed that drugs tainted the highest levels of the Honduran-based FDN, the largest Contra army. Hitz found that Juan Rivas, a Contra commander who rose to be chief of staff, admitted that he had been a cocaine trafficker in Colombia before the war.

The CIA asked Rivas, known as El Quiche, about his background after the DEA began suspecting that Rivas might be an escaped convict from a Colombian prison. In interviews with CIA officers, Rivas acknowledged that he had been arrested and convicted of packaging and transporting cocaine for the drug trade in Barranquilla, Colombia. After several months in prison, Rivas said, he escaped and moved to Central America, where he joined the Contras.



Defending Rivas, CIA officials insisted that there was no evidence that Rivas engaged in trafficking while with the Contras. But one CIA cable noted that he lived an expensive lifestyle, even keeping a \$100,000 Thoroughbred horse at the Contra camp. Contra military commander Bermúdez later attributed Rivas's wealth to his ex-girlfriend's rich family. But a CIA cable in March 1989 added that "some in the FDN may have suspected at the time that the father-in-law was engaged in drug trafficking."

Still, the CIA moved quickly to protect Rivas from exposure and possible extradition to Colombia. In February 1989, CIA headquarters asked that the DEA take no action "in view of the serious political damage to the U.S. Government that could occur should the information about Rivas become public." Rivas was eased out of the Contra leadership with an explanation of poor health. With U.S. government help, he was allowed to resettle in Miami. Colombia was not informed about his fugitive status.

Another senior FDN official implicated in the drug trade was its chief spokesman in Honduras, Arnaldo Jose "Frank" Arana. The drug allegations against Arana dated back to 1983 when a federal narcotics task force put him under criminal investigation because of plans "to smuggle 100 kilograms of cocaine into the United States from South America." On Jan. 23, 1986, the FBI reported that Arana and his brothers were involved in a drug-smuggling enterprise, although Arana was not charged.

Arana sought to clear up another set of drug suspicions in 1989 by visiting the DEA in Honduras with a business associate, Jose Perez. Arana's association with Perez, however, only raised new alarms. If "Arana is mixed up with the Perez brothers, he is probably dirty," the DEA said.

### **Drug Airlines**

Through their ownership of an air services company called SETCO, the Perez brothers were associated with Juan Matta-Ballesteros, a major cocaine kingpin connected to the 1985 torture-murder of DEA agent Enrique "Kiki" Camarena, according to reports by the DEA and U.S. Customs. Hitz reported that someone at the CIA scribbled a note on a DEA cable about Arana stating: "Arnold Arana . . . still active and working, we [CIA] may have a problem."

Despite its drug ties to Matta-Ballesteros, SETCO emerged as the principal company for ferrying supplies to the Contras in Honduras. During congressional Iran-Contra hearings, FDN political leader Adolfo Calero testified that SETCO was paid from bank accounts controlled by Oliver North. SETCO also received \$185,924 from the State Department for delivering supplies to the Contras in 1986. Furthermore, Hitz found that other air transport companies used by the

Contras were implicated in the cocaine trade as well.

Even FDN leaders suspected that they were shipping supplies to Central America aboard planes that might be returning with drugs. Mario Calero, Adolfo Calero's brother and the chief of Contra logistics, grew so uneasy about one air freight company that he notified U.S. law enforcement that the FDN only chartered the planes for the flights south, not the return flights north.

Hitz found that some drug pilots simply rotated from one sector of the Contra operation to another. Donaldo Frixone, who had a drug record in the Dominican Republic, was hired by the CIA to fly Contra missions from 1983 to 1985. In September 1986, however, Frixone was implicated in smuggling 19,000 pounds of marijuana into the United States. In late 1986 or early 1987, he went to work for Vortex, another U.S.-paid Contra supply company linked to the drug trade.

By the time that Hitz's *Volume Two* was published in fall 1998, the CIA's defense against Webb's series had shrunk to a fig leaf: that the CIA did not *conspire* with the Contras to raise money through cocaine trafficking. But Hitz made clear that the Contra war took precedence over law enforcement and that the CIA withheld evidence of Contra crimes from the Justice Department, Congress, and even the CIA's own analytical division.

Besides tracing the evidence of Contra-drug trafficking through the decade-long Contra war, the inspector general interviewed senior CIA officers who acknowledged that they were aware of the Contra-drug problem but didn't want its exposure to undermine the struggle to overthrow Nicaragua's leftist Sandinista government.

According to Hitz, the CIA had "one overriding priority: to oust the Sandinista government. . . . [CIA officers] were determined that the various difficulties they encountered not be allowed to prevent effective implementation of the Contra program." One CIA field officer explained, "The focus was to get the job done, get the support and win the war."

Hitz also recounted complaints from CIA analysts that CIA operations officers handling the Contras hid evidence of Contra-drug trafficking even from the CIA's analysts.

Because of the withheld evidence, the CIA analysts incorrectly concluded in the mid-1980s that "only a handful of Contras might have been involved in drug trafficking." That false assessment was passed on to Congress and to major news organizations, serving as an important basis for denouncing Gary Webb and his "Dark Alliance" series in 1996.

## **CIA Admission**

Although Hitz's report was an extraordinary admission of institutional guilt by the CIA, it went almost unnoticed by the big American newspapers.

On Oct. 10, 1998, two days after Hitz's *Volume Two* was posted on the CIA's Web site, the New York Times published a brief article that continued to deride Webb but acknowledged the Contra-drug problem may have been worse than earlier understood. Several weeks later, the Washington Post weighed in with a story that simply missed the point of the CIA's confession. Though having assigned 17 journalists to tear down Webb's reporting, the Los Angeles Times chose not to publish a story on the release of Hitz's *Volume Two*.

In 2000, the House Intelligence Committee grudgingly acknowledged that the stories about Reagan's CIA protecting Contra drug traffickers were true. The committee released a report citing classified testimony from CIA Inspector General Britt Snider (Hitz's successor) admitting that the spy agency had turned a blind eye to evidence of Contra-drug smuggling and generally treated drug smuggling through Central America as a low priority.

"In the end the objective of unseating the Sandinistas appears to have taken precedence over dealing properly with potentially serious allegations against those with whom the agency was working," Snider said, adding that the CIA did not treat the drug allegations in "a consistent, reasoned or justifiable manner."

The House committee, then controlled by Republicans, still downplayed the significance of the Contra-cocaine scandal, but the panel acknowledged, deep inside its report, that in some cases, "CIA employees did nothing to verify or disprove drug trafficking information, even when they had the opportunity to do so. In some of these, receipt of a drug allegation appeared to provoke no specific response, and business went on as usual."

Like the release of Hitz's report in 1998, the admissions by Snider and the House committee drew virtually no media attention in 2000, except for a few articles on the Internet, including one at Consortiumnews.com.

Because of this journalistic misconduct by the Big Three newspapers, choosing to conceal their own neglect of the Contra-cocaine scandal and to protect the Reagan administration's image, Webb's reputation was never rehabilitated.

After his original "Dark Alliance" series was published in 1996, I joined Webb in a few speaking appearances on the West Coast, including one packed book talk at the Midnight Special bookstore in Santa Monica, California. For a time, Webb was treated as a celebrity on the American Left, but that gradually faded.

In our interactions during these joint appearances, I found Webb to be a regular

guy who seemed to be holding up fairly well under the terrible pressure. He had landed an investigative job with a California state legislative committee. He also felt some measure of vindication when CIA Inspector General Hitz's reports came out.

But Webb never could overcome the pain caused by his betrayal at the hands of his journalistic colleagues, his peers. In the years that followed, Webb was unable to find decent-paying work in his profession, the conventional wisdom remained that he had somehow been exposed as a journalistic fraud. His state job ended; his marriage fell apart; he struggled to pay bills; and he was faced with a forced move out of a house near Sacramento, California, and in with his mother.

On Dec. 9, 2004, the 49-year-old Webb typed out suicide notes to his ex-wife and his three children; laid out a certificate for his cremation; and taped a note on the door telling movers, who were coming the next morning, to instead call 911. Webb then took out his father's pistol and shot himself in the head. The first shot was not lethal, so he fired once more.

Even with Webb's death, the big newspapers that had played key roles in his destruction couldn't bring themselves to show Webb any mercy. After Webb's body was found, I received a call from a reporter for the Los Angeles Times who knew that I was one of Webb's few journalistic colleagues who had defended him and his work.

I told the reporter that American history owed a great debt to Gary Webb because he had forced out important facts about Reagan-era crimes. But I added that the Los Angeles Times would be hard-pressed to write an honest obituary because the newspaper had ignored Hitz's final report, which had largely vindicated Webb.

To my disappointment but not my surprise, I was correct. The Los Angeles Times ran a mean-spirited obituary that made no mention of either my defense of Webb, nor the CIA's admissions in 1998. The obituary was republished in other newspapers, including the Washington Post.

In effect, Webb's suicide enabled senior editors at the Big Three newspapers to breathe a little easier, one of the few people who understood the ugly story of the Reagan administration's cover-up of the Contra-cocaine scandal and the U.S. media's complicity was now silenced.

To this day, none of the journalists or media critics who participated in the destruction of Gary Webb has paid a price. None has faced the sort of humiliation that Webb had to endure. None had to experience that special pain of standing up for what is best in the profession of journalism, taking on a

difficult story that seeks to hold powerful people accountable for serious crimes, and then being vilified by your own colleagues, the people that you expected to understand and appreciate what you had done.

On the contrary, many were rewarded with professional advancement and lucrative careers. For instance, for years, Howard Kurtz got to host the CNN program, "Reliable Sources," which lectured journalists on professional standards. He was described in the program's bio as "the nation's premier media critic." (His show has since moved to Fox News, renamed "MediaBuzz.")

The rehabilitation of Webb's reputation and the correction of this dark chapter of American history now rest on how the public responds to the presentation of Webb's story in the film, "Kill the Messenger." It's also unclear how the Big Media will react. Last Sunday, New York Times' media writer David Carr continued some of the old quibbling about Webb's series but did acknowledge the Contra-cocaine reality.

Carr's [movie review](#) began with a straightforward recognition of the long-denied truth: "If someone told you today that there was strong evidence that the Central Intelligence Agency once turned a blind eye to accusations of drug dealing by operatives it worked with, it might ring some distant, skeptical bell. Did that really happen? That really happened."

Yes, that really happened.

[To learn how you can hear a December 1996 joint appearance at which Robert Parry and Gary Webb discuss their reporting, [click here](#).]

**Investigative reporter Robert Parry broke many of the Iran-Contra stories for The Associated Press and Newsweek in the 1980s. You can buy his new book, *America's Stolen Narrative*, either in [print here](#) or as an e-book (from [Amazon](#) and [barnesandnoble.com](#)). For a limited time, you also can order Robert Parry's trilogy on the Bush Family and its connections to various right-wing operatives for only \$34. The trilogy includes *America's Stolen Narrative*. For details on this offer, [click here](#).**

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