

## **C.I.A. IG REPORT - VOL. II OLIVER NORTH IS TOAST!**

NOTE: At the time this story was written it looked like the House Intelligence Committee was going to get away with closing out the CIA drug investigations. But thanks to the efforts of **From The Wilderness** that resulted in class action suits being filed against the CIA in Los Angeles and Oakland and other publicity we have generated Volume II has not been closed out. They can't because too many people are watching. On October 12, 1999, investigators from House Intelligence came to Los Angeles and copied 6,000 pages of our records for review. Going into 2000, Volume II is still very much an open investigation and **FTW** is proof that something can be done. - MCR



### **Volume Two of CIA Inspector General's Drug Report Released**

#### **A CIA Confession - Oliver North Exposed**

by

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In a move apparently deliberately timed to muzzle Congressional response, the Central Intelligence Agency, on October 8, released the long awaited declassified version of Volume II of Inspector General Frederick Hitz's investigation into allegations of Contra drug trafficking. The report, which had been in the hands of the Intelligence Committees of both Houses since Spring is a virtual confession by CIA that it engaged in a conspiracy to protect known narcotics traffickers throughout the Contra war years. Release of the declassified version of the report came just one hour after the House of Representatives voted to conduct an impeachment inquiry on President Clinton and just before House members were compelled to cease all other activity to resolve the budget crisis. Mike Schmitz, aide to Congresswoman Maxine Waters who sits on the Judiciary Committee, which debated the impeachment measure, told *From The Wilderness*, "She was unable to read it. She couldn't respond. And then she had to go right into budget talks.

"But," Schmitz added, "You can bet the farm that she is not going to keep quiet about this." This writer has prepared a 44-page extract of relevant passages from the report, which shows that the Agency participated in an apparent conspiracy to protect traffickers throughout the Contra war. It also demonstrates that now departed CIA Inspector General Fred Hitz opted for a course which pointed accusing fingers directly at retired Marine Lt. Col. Oliver North, the National Security Council (NSC) and indirectly at then Vice President George Bush. A copy of that extract was sent to Waters' office last week.

The House Permanent Select Committee on Intelligence (HPSCI) has not yet announced a date for hearings to review the report but it will have to do so in the near future. Many are still smarting from HPSCI's last set of hearings on Volume I which were begun March 15, without notice, on orders of Committee Chair Porter Goss, (R) Fla, who is himself a retired CIA case officer. Calls and letters to HPSCI and the White House accusing Goss of a conflict of interest and demanding adequate public notice have already started going out. It is not likely that hearings will be held until after the November elections when Republicans hope to increase their majority in the House.

Mainstream media coverage of the report, though underplayed, gave indications of how damning the report really is. None of the stories I reviewed mentioned the fact that the Inspector General's report also goes a long way toward corroborating allegations made by retired DEA Agent Celerino Castillo and author Gary Webb.

As reported by Associated Press, the report, "portrays the spy agency as reluctant to inform Congress or law enforcement of suspected drug activity by Nicaraguan Contra forces." The AP story continued to say that, "In classified briefings on Capitol Hill, CIA officials typically acknowledged only one major case of narcotics involvement by an anti-Sandinista group - the so called ADREN [sic] 15th of September group, which was disbanded in 1982. But the newly declassified report links to drug allegations 58 other individuals belonging to various Contra groups."

A telling passage of the CIA report itself states that "In six cases CIA knowledge of allegations or information indicating that organizations or individuals had been involved in drug trafficking did not deter their use by CIA. In at least two of those cases, CIA did not act to verify drug trafficking allegations or information even when it had the opportunity to do so."

In an apparent confirmation of Gary Webb's Dark Alliance series *The New York Times*, in a brief story, picked out a paragraph from the report which acknowledged that Contra leaders in California and the Bay area specifically planned to deal drugs to raise money for the Contras.

*The Los Angeles Times* has not printed a word about the report.

The report itself is a thousand times more damaging to CIA than even these limited stories indicated. It begins by going through a detailed and convoluted process of describing how, beginning in 1981, the CIA entered into a conspiratorial set of negotiations with the Justice Department which accomplished two things. First, the negotiations took literally thousands of people described as agents, assets and contractors and removed them from their previous as classification of "employees" and made them instantly "non-employees." This set the stage for the second part of the conspiracy, which was to remove a previously stated responsibility to report drug trafficking by non-employees connected to Agency operations.

Later on the report describes how, in 1987, then acting DCI Robert Gates, wrote a strident and noble sounding memorandum to then Deputy Director of Operations, Clair George, setting down no-nonsense policies against dealing with traffickers. The problem is that the memorandum was not officially distributed for 15 years.

In a move apparently intended to show that the Agency had some sense of right and wrong it describes in detail the drug trafficking activities of Jorge Morales as connected to ARDE Southern Front Contra leader Eden Pastora. Pastora was, almost from the outset, in disfavor with the Agency. A credible case has been made, in fact, that the Agency intended several times to assassinate Pastora and one failed attempt, a bombing at La Penca in Nicaragua, led to the serious injury of American journalist Tony Avirgan. Much later in the report the Agency links the infamous John Hull to the bombing through its own cable traffic and information developed by the government of Costa Rica where Hull operated.

As the report continues, CIA's excuses and denials for continued dealings with other traffickers begin to sound strangely like Bill Clinton's evolving definitions of sex. When absolutely cornered they lay out someone else, namely Ollie North and the NSC.

In a sections on SETCO, an air freight company owned by Class I violator Juan Ramon Matta Ballesteros, which was documented shipping tons of cocaine, CIA says SETCO was chosen by NHAO [The Nicaraguan Humanitarian Assistance Office of the State Department which reported to Oliver North] to transport goods on behalf of the Contras from late 1985 through mid-1986. According to testimony by FDN leader Adolfo Calero before the Iran-Contra committees, SETCO received funds for Contra supply operations from the "bank accounts that were established by Oliver North." Oliver North's ally at State was Elliot Abrams, a frequently named co-conspirator in the Iran Contra affair, and a man known to have worked with CIA bagman Albert Vincent Carone who dealt with organized crime figures for the purpose of moving cocaine and laundering money in the era. Carone has been covered in previous issues of *From The Wilderness*.



In another section on major trafficker Moises Nunez, who was being investigated for shipment of hundreds of kilos of cocaine through firms named Frigorificos de Puntarenas and Ocean Hunter (also NHAO contractors), the CIA lays out North yet again. They describe how cocaine was reportedly received at air strips owned by John Hull in Costa Rica and taken to ships owned by these two firms. The CIA report then states, "On March 25, 1987, CIA questioned Nunez about narcotics trafficking allegations against him.

**"Nunez revealed that since 1985, he had engaged in a clandestine relationship with the National Security Council (NSC). 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 (emphasis mine). Nunez refused to identify the NSC officials with whom he had been involved."**

Oliver North was the point man at NSC for all Contra support activities.

The IG report continues, "Headquarters cabled in April 1987 that a decision had been made to "debrief" Nunez regarding the revelations he had made. The next day however, a Headquarters cable stated that 'Headquarters had decided against debriefing Nunez.' The cable offered no explanation for the decision."

As to allegations of trafficking at Ilopango Air Base in El Salvador the report, over approximately five pages, appears to corroborate many of the allegations made by former DEA Agent Celerino Castillo in his book *Powderburns*. The Agency draws a distinction between two separate hangars at Ilopango, one of which was operated by the Agency, the other of which was operated by the NSC [Oliver North]. In making those distinctions the Inspector General's report also tends to state that CIA personnel somehow evaporated from the airfield during the time period when Castillo documented many drug flights. The CIA report also, referring to him as an unnamed "American citizen", utterly trashes and disavows the spook Wally Grasheim who Castillo arrested on drug trafficking and weapons charges. Grasheim had recently filed suit against the U.S. government and is currently represented by former Kerry Committee lawyer, John Mattes.

John Hull, one of the biggest covert operators in the region, who was indicted along with Oliver North on drug and weapons charges by the Costa Rican government, is similarly left on twisting in the breeze. In spite of allegations from a number of pilots and major traffickers including Jorge Morales, eyewitness testimony and the fact that the Costa Rican government indicted Hull and North on drug trafficking and weapons charges. Hull denied any such activity. He did admit to fleeing the country in 1989.

What is unusual is that CIA devotes approximately four pages to Hull demonstrating that his drug trafficking connections, murders and even a planned bombing of the U.S. Embassy in Costa Rica were the subject of intense and frequent communications between CIA and the Congress. Whereas in other places the CIA report goes to great lengths to state that suspected drug traffickers were not employed by the Agency, in Hull's case it neither confirms or denies any such relationship.

Additional operations and individuals discussed in the CIA report include Arnoldo Arana, Frank Castro, Vortex, Michael Palmer, Hondu Carib, Alan Hyde, Manuel Noriega, Felix Rodriguez, Eden Pastora, Ramon Milian Rodriguez, Jorge Morales, Jorge Ochoa and an elusive CIA contractor/employee who worked under the pseudonym of Ivan Gomez.

Celerino Castillo, in an interview with *From The Wilderness* stated that he believed the mysterious Ivan Gomez to be a Venezuelan trafficker named Victor Rivera who Cele had met and had dealings with during the course of his DEA investigations. He described Rivera, in his book and the interview as a goon who fired shots within inches of torture victims ears as a means of intimidation. The CIA says of Gomez, that virtually his entire family was in the drug business at the same time that Gomez was married to a CIA employee.

From the damaging nature of the report it is apparent that what happens now will be up to the Congress and the people. There is no longer any room for CIA to hide and Oliver North should start packing his bags - either to go to jail or to flee the country.

[ All of the revelations made in the CIA report are too numerous and too damning to list here. They read like a really good (dumb) spy novel. A 44 page extract with additional exhibits and commentary by this writer is available for \$12.95 plus \$2.00 shipping and handling. It is strongly suggested for anyone who would like to have 44 pages of CIA's own self-condemning words and who would like to begin the hunt for Oliver North, NSC and George Bush.]

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**TO OBTAIN YOUR COPY OF THE *From The Wilderness* EXTRACTS AND COMMENTARY ON VOLUME TWO OF THE CIA'S INSPECTOR GENERAL REPORT WITH COMMENTS AND NOTES BY MIKE RUPPERTÉ**  
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RELEVANT EXCERPTS - VOLUME TWO of the CIA INSPECTOR GENERAL'S REPORT OF INVESTIGATION INTO CONTRA DRUG TRAFFICKING

(released Oct. 8, 1998)

Edited with Notes by Michael C. Ruppert

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[All Paragraph numbers herein listed are taken directly from the CIA Inspector General's report. My notes and emphases are followed by the initials MCR. All other highlights, underlines, etc. are exactly as they appear in the original 410 page report. The complete report with appendices is available at no charge and located at [www.cia.gov](http://www.cia.gov).  
 - MCR]

## **Executive Summary and Conclusions** **Key Findings**

### Introduction

14. "CIA received allegations or information regarding drug trafficking by Contra-related individuals in the Southern Front that operated from Costa Rica. In 1984, CIA received allegations that five individuals associated with the Democratic Revolutionary Alliance (ARDE)/Sandino Revolutionary Front (FRS) were engaged in a drug trafficking conspiracy with a known narcotics trafficker, Jorge Morales. CIA broke off contact with ARDE in October, 1984, but continued to have contact with four of the individuals involved with Morales"

16. In addition to the five individuals associated with ARDE, CIA received drug trafficking allegations or information concerning 16 other individuals who supported Southern Front Contra operations based in Costa Rica."

17. **Contra Related Individuals - Northern Front.** CIA also received allegations or information concerning drug trafficking by nine Contra-related individuals in the Northern Front based in Honduras.

18. **Other Individuals Involved in the Contra Program.** CIA received drug trafficking allegations or information concerning five individuals who were used to support the Contra program.

19. **Companies, Pilots and Other Individuals Working for Companies Used in Support of the Contra Program.** CIA received drug trafficking allegations or information concerning 14 pilots and two other individuals who were associated with companies that provided support for the Contra program. CIA also learned of drug trafficking allegations or information concerning three companies that were used to support Contra activities from 1984 until at least 1988.

20. CIA received drug trafficking allegations or information concerning an individual who flew Contra support missions from Ilopango Air Base in El Salvador in 1985 and 1986.

If you want to know MORE about this subject,  
we recommend the following:

- Extracts and Commentary from Vol. II of the CIA Inspector General's Report.
- Mike with Maxine Waters at Fairfax High
- CIA Drugs and the Impeachment (video or audio)

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